S. HRG. 99-1084

STRATEGIC HOMEPORTING INITIATIVE

HEARING

BEFORE THE

SUBCOMMITTEE ON MILITARY CONSTRUCTION

OF THE

COMMITTEE ON ARMED SERVICES UNITED STATES SENATE

NINETY-NINTH CONGRESS

SECOND SESSION

APRIL 11, 1986

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STRATEGIC HOMEPORTING INITIATIVE

FRIDAY, APRIL 11, 1986

U.S. SENATE,
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The subcommittee met in open session, pursuant to notice, at 10:08 a.m., in room SR-232A, Russell Senate Office Building, Senator Strom Thurmond (chairman) presiding.

Present: Senators Thurmond, Goldwater, East, Wilson, Denton, Gramm, Stennis, Exon, and Bingaman.

Staff present: Robert E. Bayer, Russell E. Milnes, professional staff members; Russell C. Miller, research assistant; and Marie Dickinson, staff assistant.

Also present: Gerald J. Smith, assistant to Senator Goldwater; Romie L. Brownlee, assistant to Senator Warner; John L. Roddy, assistant to Senator East; Fred Curtis Erixon, assistant to Senator Wilson; Allan W. Cameron, assistant to Senator Denton; Alan Ptak, assistant to Senator Gramm; Francis J. Sullivan and Mary A. Shields, assistants to Senator Stennis; Jeffrey E. Subko, assistant to Senator Exon; Edward McGaffigan, Jr., assistant to Senator Bingaman; and Milton D. Beach, assistant to Senator Glenn.

OPENING STATEMENT BY SENATOR STROM THURMOND, CHAIRMAN

Senator THURMOND. The subcomittee will come to order.

I would like to take this opportunity to welcome you to this important hearing on the Navy's homeporting initiative.

This basing decision is part of a general naval expansion toward a goal of a 600-ship active fleet.

This plan calls for dispersing over 60 ships to new ports at Staten Island, NY; Everett, WA; San Francisco and Long Beach, CA; Pearl Harbor, HI; and eight ports along the gulf coast.

This committee has serious concerns that at a time when the defense budget is under severe constraints, the Navy is starting a $1 billion construction program. Clearly, such a program will cause deferral or cancellation of much needed improvement at existing bases. Of special concern is the loss of projects that support the quality of life in the workplace and living areas of our service men and women.

Our purpose today is to evaluate in a time of reduced funding the strategic necessity of this Navy program and balance it against the costs. Such a review cannot be done in isolation. We must com-

pare and contrast this program against other programs that support our national defense.

In the final analysis, our decision will be based on the overall value of this program to our national defense.

There are arguments on both sides, I might say, and we will hear the evidence. We want to be objective about this and try to decide what is best for our Nation.

Some people feel that dispersal is essential with regard to terrorism and other attacks. Others feel that it is an unnecessary cost if we can take care of them at present bases.

I want you gentlemen to give us your honest opinions. Do not hesitate to tell us what you think. We want you to tell us what you think. We want to hear you. We want your opinions and want you to express yourselves frankly.

Do not hesitate to do so.

Now we have a number of witnesses here today, and we can put your entire statements into the record. I don't think you need to read every word of every statement, unless there are some exceptions to be made, as we have a lot of witnesses and we have to move along.

Our first witness is the Honorable L. Wayne Arny III, Principal Deputy Assistant Secretary of the Navy, Shipbuilding and Logistics.

I believe you are ready to testify.

Mr. ARNY. Yes, sir.

Senator THURMOND. Would you want to put your entire statement in the record and give us the thrust of it?

Mr. ARNY. Yes, sir.

As a matter of fact, I will just introduce the two admirals who are with me and will put my brief statement in the record and proceed directly to two short presentations that we have. Then we will be available for questions and answers.

STATEMENT OF HON. L. WAYNE ARNY III, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF THE NAVY (SHIPBUILDING AND LOGISTICS), ACCOMPANIED BY VICE ADM. THOMAS J. HUGHES, JR., DEPUTY CHIEF OF NAVAL OPERATIONS (LOGISTICS); REAR ADM. JOHN PAUL JONES, JR., CEC, USN, COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND; CAPT. T.M. DALY, HEAD, STRATEGIC CONCEPTS GROUP, OFFICE OF THE CHIEF OF NAVAL OPERATIONS; CAPT. P.W. DRENNON, CEC, U.S. NAVY, DEPUTY COMMANDER FOR PLANNING, NAVAL FACILITIES ENGINEERING COMMAND; AND CAPT. L.A. FERMO, CEC, U.S. NAVY, HEAD, SHORE ACTIVITY PLANNING BRANCH, OFFICE OF THE CHIEF OF NAVAL OPERATIONS

Mr. Arny. Thank you.

Mr. Chairman, distinguished members, it is a pleasure to appear here today to discuss the Navy's Strategic Homeporting Program.

With me are, on my right, Vice Adm. Tom Hughes, Deputy Chief of Naval Operations for Logistics, and, on my left, Rear Adm. John Paul Jones, Jr., Commander of the Naval Facilities Engineering Command and Chief of Civil Engineers.

I also have for the presentations today Capt. Tom Daly, who is Admiral Watkins' Director of Strategy and Concepts, and Capt. Pat Drennon, who is Admiral Jones' Assistant Commander for Facilities Planning and Real Estate, as well as Capt. Lou Fermo, the Director of Shore Activity Planning Branch for Admiral Hughes.

With you permission, I will put my prepared statement in the record and will ask Captain Daly to begin his short presentation on the military strategic rationale for strategic homeporting.

Senator THURMOND. Thank you very much.

[The prepared statement of Mr. Arny follows:]

PREPARED STATEMENT OF L. WAYNE ARNY III, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF THE NAVY (SHIPBUILDING AND LOGISTICS)

Mr. Chairman and distinguished members of the Committee:

It is a pleasure to appear here today to discuss the Navy's Strategic Homeporting Program. With me are Vice Admiral Thomas J. Hughes, Deputy Chief of Naval Operations (DCNO) (Logistics); Rear Admiral John Paul Jones, Jr., Commander, Naval Facilities Engineering Command and Chief of Civil Engineers; Captain Tom Daly, Director of Strategy and Concepts for the DCNO for Plans, Policy and Operations; Captain Pat Drennon, Admiral Jones' Assistant Commander for Facilities Planning and Real Estate, and Captain Lou Fermo, the Director of Shore Activity Planning Branch for the DCNO for Logistics.

Last year, your committee authorized the first military construction projects in support of the new homeports at Staten Island, New York; and Everett, Washington. In November 1985, we provided the committees a copy of the military necessity/cost effectiveness report on the strategic homeporting concept, and we gave your staff briefings on the Strategic Homeporting Program.

In February, Secretary Lehman, in his posture statement to the full committee, reemphasized the importance of the Strategic Homeporting Program. I would, however, like to iterate some of the salient points of the strategic homeporting issue and then provide for you two detailed briefings of the operational necessity of the SHP concept and the military construction requirements needed to implement the program. I hope that upon completion of this hearing you feel as strongly as we do that the merits of strategic homeporting are there, and that you will consent to our proceeding with all of the projects that were funded in fiscal year 1986. I include in this the berthing pier at Staten Island which was not authorized by your committee.

During the 1970's, the Navy was faced with a rapidly aging and obsolescent fleet that had been working hard during the Vietnam war with little regard for its long-term repair or replacement. The Secretary at the time, now Senator John Warner of Virginia, and his CNO, Admiral Elmo Zumwalt, were forced to reduce the size of the fleet in order to replace it with modern, more cost-effective warships. This process reduced the fleet in size from 900 ships to less than 500 ships. They were then forced to make painful reductions in their base structure to reduce their fixed costs so that they could divert those funds to modernization and replacements accounts.

As a result of the shipbuilding of the past few years, requested by the administration and approved by Congress, the fleet will grow in size to 609 ships by fiscal year 1989—up from some 470 ships at the beginning of the decade. We must find appropriate sites for these ships and their crews.

The strategic homeporting initiative attempts to do just that in a way that makes sense in terms of a combination of factors. I'm speaking of military strategy, battle group integrity, industrial support, crisis response, fleet training and quality-of-life for our crews. I simply ask you for your full support of our fiscal year 1987 and subsequent year programs.

Mr. Chairman, I would now like to expand upon those points by proceeding with our briefings. The first is to be given by Captain Tom Daly, Strategy/Concepts Branch, Office of the Chief of Naval Operations. He will be followed by Captain Pat Drennon, Deputy Commander for Planning and Real Estate, Naval Facilities Engineering Command. After briefings, we will be happy to answer any questions.

STATEMENT OF CAPT. T.M. DALY

Captain DALY. Good morning, Mr. Chairman and distinguished members.

I have a presentation that will last about 15 minutes. To put a lot of material about the strategic rationale for homeporting into that period of time is a very difficult thing, at best.

But I would like to start by saying that strategic homeporting is only necessary if we want to enhance deterrence, enhance our crisis response capability as a Nation, enhance our quality of life in the Navy, and reduce our fleet's vulnerability.

Those are the major points that strategic homeporting addresses.

Strategic homeporting is an essential element of our national strategy. It provides us with the benefits of defense without the costs of war.

There are three things that have been enduring since World War II. The first is geography; the second is our alliances; and the third is the increasing Soviet threat.

As you can see here, the United States, as we look at a view of the world with Washington at the center, is a strategically insular nation and its geography is a major asset.

We have a maritime strategy that is part of our national military strategy. We know that that strategy is the correct strategy as we look at our current forces, and as we look to our operations in the future.

U.S. STRATEGIC GEOGRAPHY

The U.S. is a strategically insular nation with global commitments.

The U.S. is "central" in position world-wide, so all international security problems are, to a degree, maritime problems.

Strategic insularity/geography is either a strength or a weakness—depending on balance and disposition of maritime power.

Strategic homeporting leverages disposition of maritime forces for best U.S. strategic advantage.

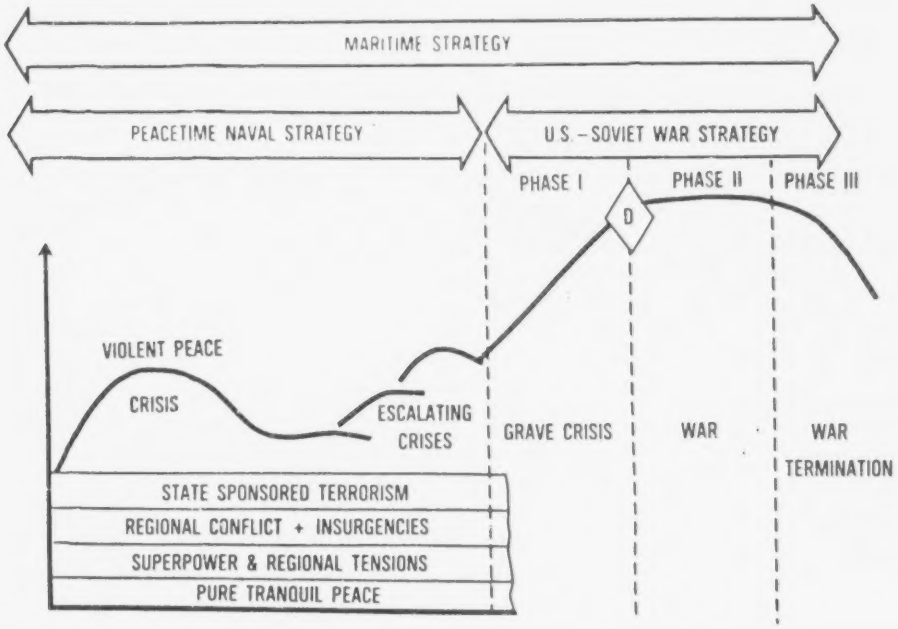
I have talked briefly about our strategic geography and our maritime strategy.

Our maritime strategy is a synergistic balance between forward forces, which are deployed, and those forces which operate out of our home ports in preparation for forward deployment.

Our geography is a national asset and with our business in this world as primarily a maritime nation, we need to take advantage of our geography. In a sense, strategic homeporting, which is that plan to disperse our fleet to eight strategic locations, three on each coast, on each of the east and west coasts, north, central, and south, and two into the gulf coast, gives us in strategic terms a geostrategic force multiplier.

People talk about massing and dispersal. Massing is extremely critical when we are forward and with our forward strategy. Dispersal is extremely important when we think about our strategic rear, i.e., the continental United States.

STRATEGIC HOMEPORTING AT ALL LEVELS OF CONFLICT



Strategic homeporting is not just something that applies in peacetime. It will apply to our national strategy as one that addresses peace, war, and moving on into war termination or new peace. Our national objective, of course, is deterrence. Deterrence is primarily what we are concerned about, and strategic homeporting enhances that deterrence.

As we look at this particular chart and look at this diamond [indicating], which indicates deterrence, we want to insure that deterrence does not fail.

Strategic homeporting, as I said a few moments ago, is necessary only if we want to enhance deterrence, enhance our ability to respond to crises, enhance the quality of life of our people in the Navy, and enhance our ability to use our industrial base and reduce the vulnerability of the fleet.

That applies across a full spectrum of violence.

At this point [indicating], we have deterrence. We want to be sure deterrence does not fail. But deterrence is in the eyes of the beholder, and the beholder that we are concerned about is the Soviet Union.

Deterrence is not something that lends itself to simple quantification. Deterrence is not a mirror image of what we would like it to be.

Deterrence is what the Soviets view as our capabilities and our limitations as well as our national will. We are trying to focus on how the Soviets think.

I think this is very important when we think about all of our forces, be they Naval forces or Marine forces, or those of our sister services.

We are in an era of violent peace. We are constantly responding to crises. We are concerned about insuring that we do not get into a series of escalating crises. Strategic homeporting is that thing that will give us the ability to respond more readily to those regional crises and will give us the ability to respond to crises in other areas of the world which concern the Soviet Union in particular.

WHY IS DISPERSAL OF NAVAL FORCES NECESSARY?

Deny Soviets the strategic initiative.
Provide better crisis response leverage.
Increase battle group readiness.
Enhance deterrence.

Since we no longer have strategic affluence and overwhelming power, dispersal of Naval forces is necessary to deny the Soviets the strategic initiative.

When I speak about strategic initiative I am again referring to the Soviets. The Soviet strategy is to concentrate with mass, with concentration of force, and with surprise.

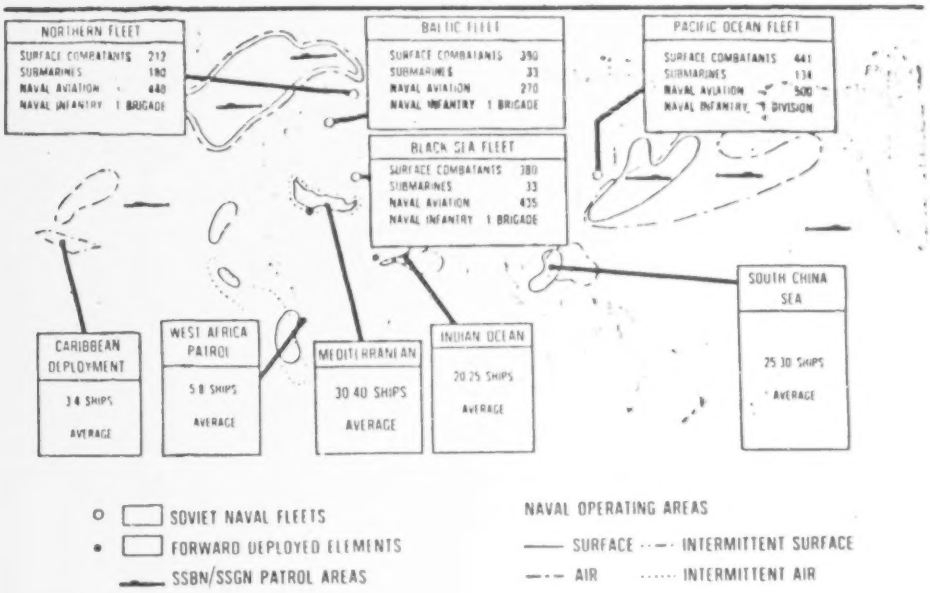
What we are concerned about doing is making sure that they do not have that initiative. We do so by denying them their strategy. They would like to be able to hit a very few homeports. Strategic homeporting puts more fully constituted battlegroups in more places. We provide better crisis response leverage as well because we have the ability to respond to crisis in more geographic areas more rapidly.

We increase battle group readiness, a very significant point, because in the strategic relocation to eight locations, we are putting fully constituted battle groups into those areas. The ships that are there will be able to train together.

Consequently, we enhance deterrence overall.

SOVIET NAVY ACTIVE GLOBAL PEACETIME POSTURE

FY 85



This is a very complex slide.

It is complex for a reason. The situation is a complex one.

In the top boxes, you see what the Soviet fleet looks like. There are four major fleets, and those numbers have increased considerably since World War II, and particularly since 1965.

The Soviets operate out of area as well.

One of the significant areas that we are concerned about is the Caribbean [indicating]. Since 1969, there have been 25 deployments of Soviet surface action groups to the Caribbean. In 1985, there was a deployment in the spring and another one in the fall.

The Soviets not only have naval ships that they operate with, but they also operate with their merchant ships as well—more than 1,700 merchant ships that are part and parcel of that entire construct of Soviet maritime power.

SOVIET ORDER OF BATTLE TRENDS (MAJOR NAVAL COMBATANTS)

● NUCLEAR SUBMARINES		1965	1975	1985
TACTICAL	SSN	15	38	74
	SSGN	16	41	49
STRATEGIC	SSBN	10	51	64
	SSGN	0	0	0
SUB TOTAL		41	130	187
● BATTLE FORCE SHIPS				
	CV(HG)(N)	0	0	3
	CG	19	35	42
	DDG	24	39	45
	DD/FF	165	185	227
SUB TOTAL		208	259	317
TOTAL		249	389	504 *

- MODERN LARGE, CAPABLE SHIPS COMING ON LINE
- QUIETER, MORE SURVIVABLE NUCLEAR SUBS
- LARGE DECK CARRIERS
- MORE POTENT LONGER RANGE SURFACE COMBATANTS

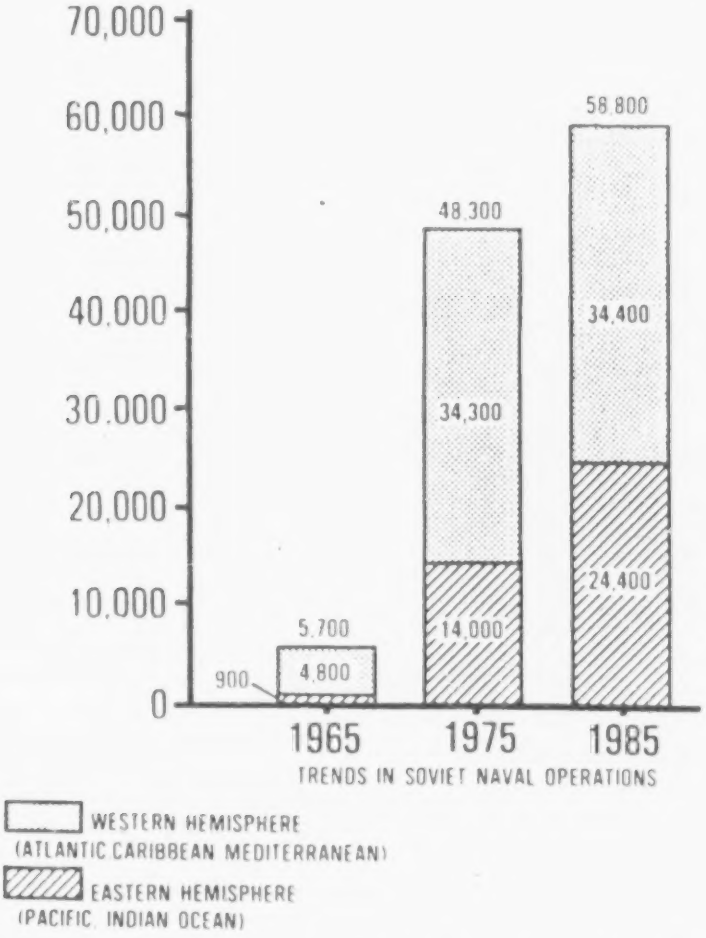
* TOTAL NOB-1836 ACTIVE SHIPS

Focusing specifically, however, on their naval combatants, you can see from 1965, in this column [indicating], to 1985 [indicating], a significant increase, a significant increase of submarines from 41 to 187, and from battle force ships, major battle force ships, from 249 to 504.

Those numbers, when put together, with the support ships as well, comes to a Soviet naval order of battle which numbers more than 1,800.

We have been talking about strategic homeporting since the 1950's, and the Soviets, as we have been attempting to do the right things with our fleet, have been constantly increasing theirs in size. The increase since 1965 is shown here.

SOVIET NAVY OUT-OF-AREA OPERATIONS (SHIP DAYS)



Not only have they increased their size, but they have increased——

Senator BINGAMAN. Excuse me, but may I ask a question?

Senator THURMOND. Senator Bingaman.

Senator BINGAMAN. I just want to ask about that 1,800. Is that military ships?

Are you including the merchant ships?

Captain DALY. That is purely military ships.

Senator BINGAMAN. I am not clear how that last slide works. You had a 500 figure up there for the total. Are these additions?

Captain DALY. Sir, these are showing the major combatants.

Mr. ARNY. As opposed to auxiliaries or the things that we include in the 600-ship Navy. It does not include amphibs, for instance.

Captain DALY. That's right.

Mr. ARNY. It does not include fleet oilers, things like that.

Senator BINGAMAN. OK.

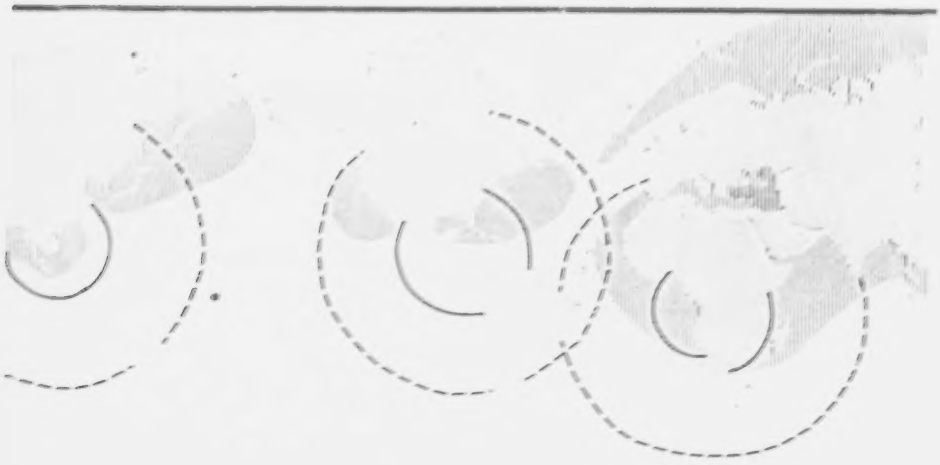
Captain DALY. Cruisers, destroyers, frigates, and those classes of ships.

That quantity increase has not only been in Soviet home waters, in the bastions as the Soviets call them, but it has been around the world. Again, since 1965, there has been a significant increase in out of area ship days by the Soviets particularly in the Pacific. From virtually nothing in 1965, to more than 24,000 days in 1985.

The total ship days, less than 6,000 in 1965, to almost 60,000 in 1985—a 10-fold increase.

Again, it is a very significant number.

SOVIET NAVAL OPERATING AREAS



— TU-16 --- TU-95

Concentrating here on the Soviet threat, I realize, as well, that there are other operations that occur in the world. But I think this depiction is particularly instructive because it shows how that operating area has expanded.

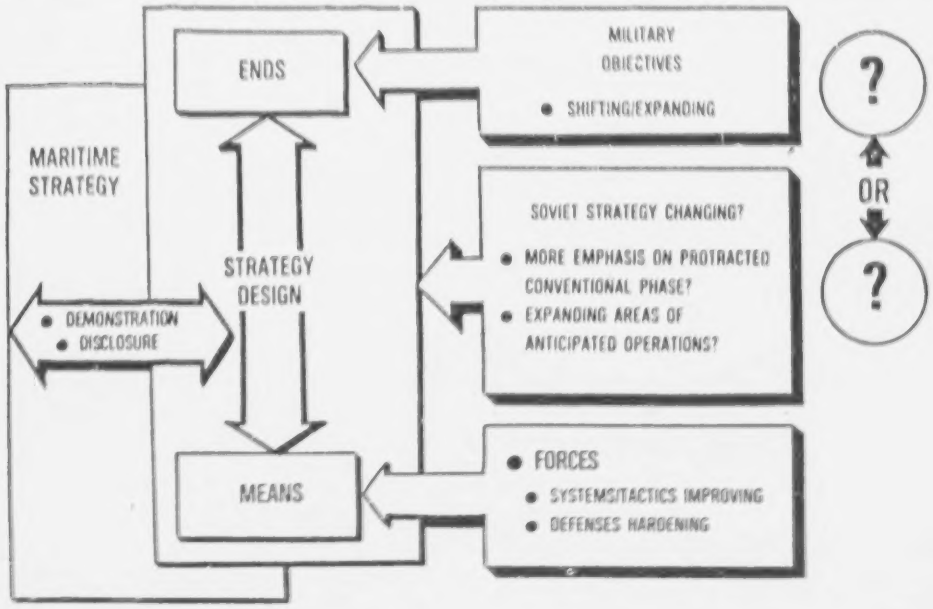
The Soviets are not only operating off our coasts on a daily basis two submarines operating off the east coast and the west coast, an additional two ships that are concerned about gathering electronic intelligence operating off those coasts. There is also Soviet naval aviation. We have talked about ships to this point, but Soviet naval aviation has increased its deployment also, particularly since 1979.

Since 1979, it has been into Angola, into Aden, into Cuba, and other locations. This gives the Soviets extensive aviation coverage as well.

In the summer of 1985, a significant exercise was conducted in the Norwegian Sea. Five Victor submarines came out into the North Atlantic also. So the Soviets are increasing their out-of-area operations with their regular forces, conventional forces, as well as

with the ballistic missile submarines that operate in the vicinity of our coasts.

SOVIET STRATEGY



This brings us to Soviet strategy.

I mentioned that we have a national military strategy. Well, the Soviets have a strategy as well.

Any strategy is a design, of course, bringing means to ends—the means being the current forces that we are talking about today. I think it is clear that the Soviets have shifted their military objectives. They are not only shifting, but they are also expanding their policy of global encroachment.

The Soviets also are placing more emphasis on the protracted conventional phase of war.

The Soviets do not talk any more about just going to a nuclear war. In the 1950s, they talked that way. In the sixties and early seventies, they started to discuss a short conventional war, then on into a nuclear war.

Today, since the late seventies, they are talking about a prolonged conventional war.

They realize, as well as we do, that nuclear war is disadvantageous. I think there is direct linkage between that philosophy and the increase in their conventional forces.

SOVIET VIEW ON BASE ATTACK

"Almost all the . . . operations and combat actions in history aimed at destroying naval forces in bases ended with victory for the attackers and total defeat of the defenders; losses of naval forces attacked in base were particularly heavy and at times assumed catastrophic dimensions."—VADM. K. A. Stalbo, Naval Theoretician.

The Soviets have a particular view of concentration.

I mentioned Soviet strategy, and I think that Admiral Stalbo, who is still with the Navy staff, has stated the Soviet philosophy very succinctly. He says that, speaking historically, combat actions in history aimed at destroying Naval forces in bases ended with victory for the attackers, and total defeat for the defenders.

The Soviets, again, in talking about denying them their preferred strategy, would love to have a perpetuation, I think, of 53 percent of our ships in three home ports as they are today—53 percent of our major capital ships.

What we are attempting to do with dispersal is move up those capital ships around to strategic locations so that we do not give the Soviets an opportunity to concentrate in any one particular place.

POTENTIAL THREATS TO CENTRALIZED FORCES

Mining, submarines, conventional cruise missiles, sabotage, terrorism.

STRATEGIC ADVANTAGES FROM DISPERSED FORCES

Complication of conventional targeting problem.
Lesser attractiveness/lower payoff in quick strike.
Acts in face of terrorist threat.
Limits potential for crippling blow to our forces.

There are strategic advantages from dispersed forces. It complicates the conventional targeting problem, as I mentioned earlier.

There is lesser attractiveness, or lesser payoff, in a quick strike, if the Soviets wanted to execute their strategy. That also applies to anyone else who would like to attack us in a terrorist way.

Shown on the top, here, are some of the threats that could exist to those ports as well: mining submarines, conventional cruise missiles, sabotage, and terrorism.

With that expanded quantity of Soviet ships available, what they have done is increased their options. They have increased their options, and it is important that we think about decreasing their options as well.

THREAT TO PORTS

Ballistic missile submarines [SSBN]	62	SLBM
Cruise missile submarines [SSGN]	45	Antiship missiles
Long-range land attack sub-launched cruise missiles [SLCM]		
Attack submarines		
Diesel [SS]	140	Torpedoes
Nuclear [SSN]	69	Mines
Total [SS/SSN]	209	
Merchant mining		
Soviet/Warsaw Pact Merships daily in/near Conus ports (within 200 NM of U.S. coasts)	4 to 5	
Soviet Merships to Cuba annually	Over 400	
Spetsnaz [special purpose forces] [1 brigade per fleet]	4 brigades	Demolition; sabotage; surveillance

The threats to our ports are significant in numbers. We tried to break out the numbers that were showed earlier, out into a different way. We want to concentrate on the lower end of the scale.

You can see merchant ships here. The Warsaw Pact merchant ships are a significant concern as well, because they have the capability as roll-on/roll-off ships to have more than 100 mines on board. Taking an annual average, there are four to five of those Soviet merchant ships within 200 nautical miles of our coast on a daily basis. Those ships do not have to be inside our ports in order to sow mines. They merely have to be, with the technology of mining today off the coast.

We are also concerned about sabotage.

The Soviets have the ability to inject Spetsnaz forces, or their special operations forces, into our territory.

You can see the attack submarines and the ballistic submarines on this slide as well.

Chairman GOLDWATER. Captain, just a moment.

What is the total strength of our Merchant Marine?

Captain DALY. I do not have that precise figure, sir.

Chairman GOLDWATER. You don't have that?

Admiral HUGHES. I would say about 300 to 400 ships, sir.

Chairman GOLDWATER. Three hundred to 400.

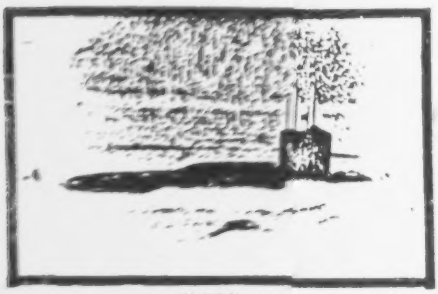
What is the total strength of the Soviets?

Captain DALY. Seventeen hundred, sir.

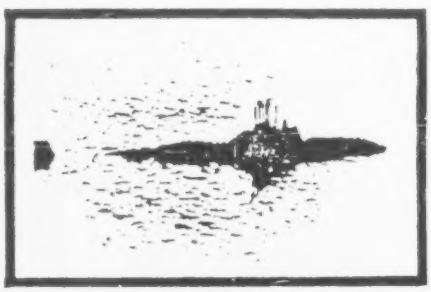
Chairman GOLDWATER. That is a big disadvantage.

Captain DALY. Yes, sir.

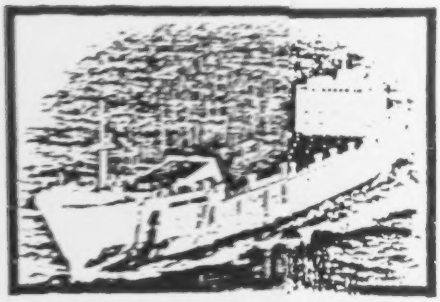
Admiral HUGHES. Yes, sir.



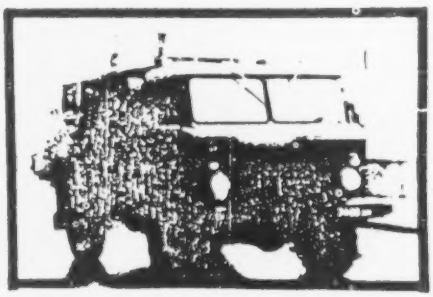
SLBM



SLCM/TORPEDOES/MINES



MINES



SABOTAGE

Shown here in the upper left hand corner are the Soviet ballistic submarines, the types of which are off our coast each day. The bolt out of the blue, that nuclear missile coming out, is probably highly improbable.

Nevertheless, that threat exists.

The submarine that is shown in the upper right-hand corner is a Victor submarine, the type that operated in the North Atlantic during last summer's exercises. This is the type of submarine which could launch cruise missiles, torpedoes, or mines.

People talk about cruise missiles as not being very important. But in 1971, in the Indo-Pakistani War, the Indians launched Styx cruise missiles into Karachi harbor and put it out of action for a significant period of time.

Shown here on the bottom left are the types of merchant ships which could sow mines. In fact, this is a picture of the Ghatt, the Libyan ship that mined the Red Sea. Again, there are more than 100 mines available on board. Of course, sabotage could be conducted through any types of means. This picture shows a four-wheeled vehicle which could be used by Soviet special operations forces.

Chairman GOLDWATER. Could you tell me how many mine-laying vessels the United States Navy has?

Captain DALY. Yes, sir.

We have 22.

Mr. ARNY. Our program is to go toward 31, 14 of which are ocean-going, 17 of which will be basically coastal. We are adding 22 smaller harbor craft, and we have 63 mine sweeping helicopters.

Chairman GOLDWATER. When is that?

Mr. ARNY. The 22 are coming on line now. The helicopters are there now.

Chairman GOLDWATER. Will we have them this year, next year, or the year after?

Admiral HUGHES. Mr. Chairman, there is one right now. Another one will be commissioned in July of this year.

Chairman GOLDWATER. How many do the Soviets have?

Admiral HUGHES. The Soviets have a large force.

Senator DENTON. Mr. Chairman, didn't you ask for mine layers?

Admiral HUGHES. Mine sweepers, mine sweeping capabilities.

Chairman GOLDWATER. I'll call them mining vessels.

How many do the Soviets have?

Mr. ARNY. Mine sweepers or mine layers?

Chairman GOLDWATER. Mine layers.

Captain DALY. All of the merchant ships are mine-laying capable, so that is at least 1,700.

Chairman GOLDWATER. Do we have 22 and they have 1,400?

Mr. ARNY. Sir, I misunderstood your statement.

We can lay mines from submarines, from P–3's, from aircraft, from attack aircraft. We have a number of ways to lay mines ourselves.

Chairman GOLDWATER. But we don't have as many as the Soviets, no matter how you look at it.

Mr. ARNY. No, sir.

Chairman GOLDWATER. OK.

Captain DALY. In the context of our global coalition strategy, we also depend upon our allies in the overseas areas. They have significant mine-hunting and mine-laying capabilities and mine-sweeping capabilities. We depend significantly on them in the context of our global coalition strategy.

Chairman GOLDWATER. I think NATO makes eight different mine-sweepers.

Mr. ARNY. Yes, sir, and we count on them heavily.

THREATS TO OUR PORTS—THREATS TO OUR STRATEGY

CENTRALIZATION

- ALLOWS SOVIETS STRATEGIC INITIATIVE
- WOULD REQUIRE U.S. TO REACT TO OUT-OF-AREA SOVIET THRUSTS FROM WEAKENED STRATEGIC POSITION

DISPERSAL

- GIVES U.S. UPPER HAND IN SEIZING THE STRATEGIC MOMENT
- ALLOWS U.S. GREATER LATITUDE TO ACT IN RESPONSE TO SOVIET MOVES FROM STRENGTHENED STRATEGIC POSITION

Captain DALY. Threats to our ports are threats to our strategy are shown here.

Centalization has severe disadvantages. Dispersal gives us significant advantages. It gives us the upper hand in seizing the strategic moment in crises, and it gives us greater latitude to respond to Soviet moves as well.

ENHANCED CRISIS RESPONSE CAPABILITY

Reduction in response time.
Geographic proximity to crisis.
Ability to sortie battle groups from location nearest crisis spots.
More rapid battle group constitution/formation join-up.

In the face of the potential threat that the Soviets pose, we have, with strategic homeporting, an enhanced crisis response capability.

The location of crisis is extremely important, and I think that this fact sometimes get lost. When people talk about the difference of only 1 day, or 1½ days between ports, they do not consider the fact that weather is also a factor.

When we talk about the calculations that are made about differences in time between home ports, it does not address the fact that there is a great possibility of seas which could slow battle force movement, of fog, things of that nature, which could increase the time of transit between home ports.

That becomes particularly significant when we think about the Northwest, for instance. The Northwest, with Valdez oil we think about the increasing Soviet operations in the Northwest and conclude that there is a significant need for ships there. We will have those ships in the Everett complex.

As we look at the Northeast, and the necessity of operations in the northern flank, in our NATO northern flank, the ships in the Northeast become significantly important.

As we look at the gulf coast, its significance becomes plain as well because of the crises that we seem to have in our backyard on a continual basis.

There are those who say that we have ships in Norfolk, and those ships in Norfolk can come around on into the Caribbean, and why not just let them operate there? But we, with homeporting will have an infrastructure in the gulf. Ships will be sailing in to the gulf. There will be a place for them to go. They do not, therefore, have to be at sea all of the time, and they can do their routine maintenance. And they can do the other things that need to be done to enhance our battle group readiness.

BATTLE GROUP READINESS INCREASE

Ships comprising CVBGs, BB SAGs share one home.
Training payoffs—ships that sail together train together.
Organizational/command effectiveness:
    Battle groups train with their deployed commanders.
    No shift in command with overseas sortie.

I talked about the battle group readiness increase earlier. With the locations of the home ports, the ships are constituted as either carrier battle groups or battleship battle groups. Having those ships together today is a particularly significant advantage because the Congress has provided us with increasingly capable ships. I am thinking of the Aegis cruiser, in particular, and the Naval tactical data system ships also. Having those ships in one port together enhance their ability to train with one another. They have incredibly efficient electronic suites that give them incredible training opportunity.

Having all of those ships together enhances the battle group readiness.

It also increases the organizational command effectiveness because the battle group commander is there in the same home port as well.

CONTRIBUTIONS OF THE STRATEGIC HOMEPORTING CONCEPT

DETERRENCE

Strategic homeporting dilutes the strategic value to an adversary of his preconflict posturing.
Dispersal provides more rapid USN response in time of geopolitical crisis.
Multiple ports increase conventional targeting problem, including special forces targeting problem.
Strategic homeporting takes full advantage of broad industrial base and mobilization capability in peacetime/crisis.
No war is inevitable—take advantage of U.S. geography.

Of course, no war is inevitable.

Again, what we are attempting to do here is to take advantage of United States geography, take advantage of the strategic advantage that we have.

We are diluting the strategic value of any adversary, whether that adversary is Soviet or whether that adversary is anybody else who is striking at our ports. We are complicating the conventional targeting problem. We are taking full advantage of the broad industrial base that exists in those ports as well.

CONTRIBUTIONS OF THE STRATEGIC HOMEPORTING CONCEPT

ESCALATION CONTROL

Greater probability of arriving at crisis earlier:
Proximity to crisis.
Sortie as a fully-constituted battle group.
Force composition and size:
Greater flexibility to military commanders.
Wider range of available options to national command authority.
Early forward pressure from multiple axes of strategic advance.

Escalation control is something we are certainly concerned about.

You will recall the viewgraph that showed going from peace to war and on into a new peace, and trying to insure that deterrence never fails. If we get into a period of crisis and we are concerned about escalation control, that proximity to the crisis becomes very important. That proximity is enhanced by strategic home porting. It provides, if we get into a situation of extended crisis with the Soviet Union, a concern about multiple axes of attack.

They would like to have the preferred strategy, of concentrating in one particular area. If we provide them with multiple axes, they cannot do that.

CONTRIBUTIONS OF THE STRATEGIC HOMEPORTING CONCEPT

WAR TERMINATION ON TERMS FAVORABLE TO U.S. AND ALLIES

Ability to move and muster from a number of directions.
Wider range of options to act strategically, not react.
Quickest elimination of enemy out-of-area forces.
Complicates and widens enemy strategic problem.
Strategic homeporting takes full advantage of broad, mobilized industrial base in time of war.
Dynamic aggressive full forward pressure—for strategic advantage.

If we did get into a wartime situation with deterrence failing, we still have an advantage from strategic homeporting because it gives us the advantage of being able to act, rather than react. We have our industrial base. We still have all of the same advantages that we had during this era of violent peace or that we had during the era of escalation and crisis control.

SOUND AND ENDURING STRATEGIC CONCEPTS UNDERGIRD STRATEGIC HOMEPORTING

Prudent approach to potentially dangerous military consequences.
Geographic balance for sortie as integrated forces, not disparate units for assembly.
Exploit U.S. national geography for rapid crisis response.
Continuing USN quantitative disadvantage vis-a-vis Soviets requires we take every opportunity for qualitative advantage.
Best situation for training/readiness of fleets.
Best use of industrial infrastructure.

In sum, then, there are sound and enduring strategic concepts which undergird the strategic homeporting plan.

It is a prudent approach. Again, it enhances deterrence. It enhances our battle group readiness. It reduces the fleet's vulnerability. It increases the quality of life of Navy people, and it enhances the ability to use the broad industrial base that we have.

In sum, the strategic rationale is irrefutable.

Captain Drennon will now address the cost factors that are involved.

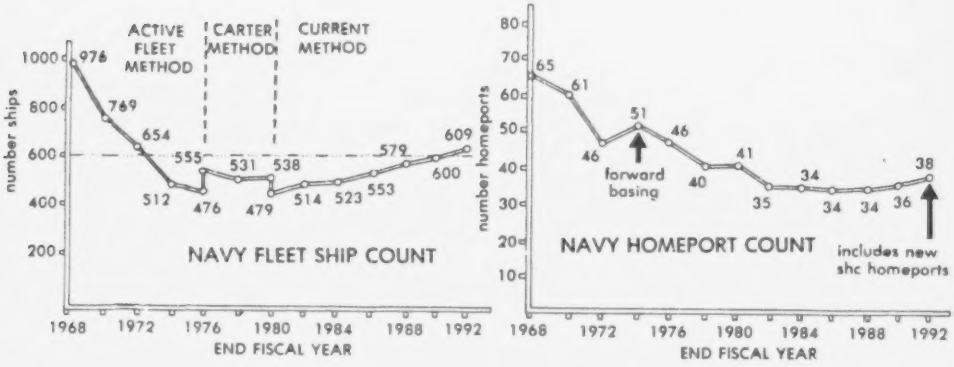
Senator THURMOND. Thank you.

STATEMENT OF CAPT. P.W. DRENNON

Captain DRENNON. Good morning, Mr. Chairman.

I am going to go quickly through these slides with a few words and a lot of pictures. I will hit the high points, and if there are any questions, please do not hesitate to stop me.

CONCEPT RATIONALE — STRATEGIC HOMEPORTING CONCEPT



I would like to show one statistic here. Obviously, it is two statistics and two charts.

I think it puts the strategic homeporting concept in its proper context, from nearly 1,000 ships in 1968, we started reducing our ship numbers in the Navy, down to a low of 476 and then 479, in the 1980 timeframe, which is the basis of our 600-ship Navy today.

Then we gradually came up with all these ships authorized and appropriated, and we'll go up to a number around 609 in the 1993 timeframe.

During this same time, our home ports went down from the number of 65, down through this period [indicating], to a low of 34. The strategic homeporting concept will gain us a net of four strategic home ports—eight due to the strategic homeporting concept, and a reduction of four due to redesignation due to decommissioning of some minesweepers.

CONCEPT RATIONALE — STRATEGIC HOMEPORTING CONCEPT

MAJOR FLEET CONCENTRATIONS	END FY 80	END FY 93	FY 80-93 change
PEARL HARBOR	47		
PUGET SOUND AREA	5		
SAN FRANCISCO BAY AREA	19		
LONG BEACH	6		
SAN DIEGO	118		
NEWPORT	7		
GROTON/NEW LONDON	32		
NEW YORK	0		
EARLE	3		
NORFOLK AREA	113		
CHARLESTON	65		
KINGS BAY	1		
MAYPORT	23		
GULF COAST	2		
	441	531	+ 90
MSC/MISC PORTS/OVERSEAS	38	78	+ 40
	479	609	+130

This also shows the 479 ships in 1980, which is our basis. The reason I show you this chart is the problem we face with the strategic homeporting concept, which is where do we put these additional 130 ships, or, more specifically, where do we put the 90 ships in the continental U.S. bases. I could actually fill out this chart with or without the strategic homeporting concept. If I did it without the strategic homeporting concept, we would find that over 50 percent of the ships would be stationed in San Diego and Norfolk, and over 85 percent of our major ships would be stationed at only six of these home ports.

PROPOSED PLAN

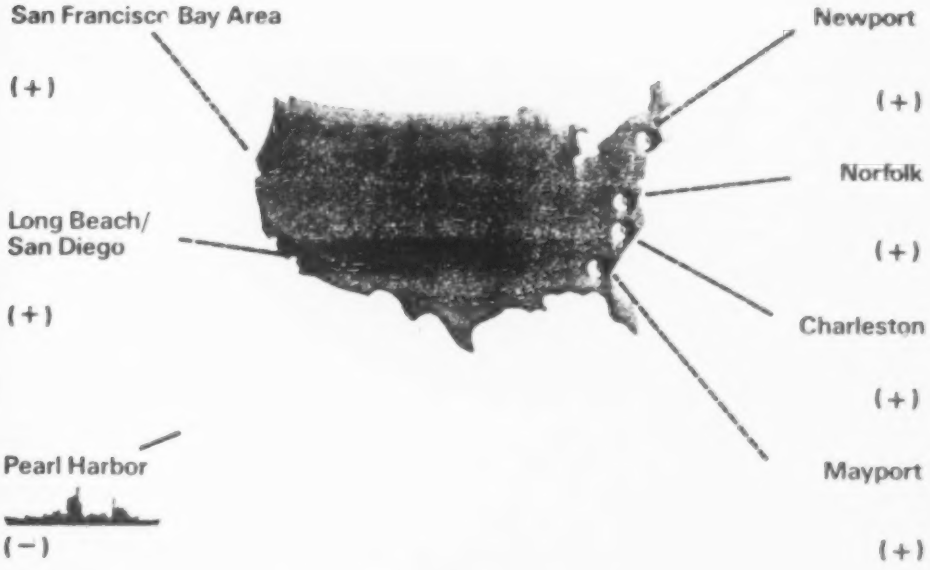
This is our plan. It is a two-part plan.

It changes the mix of ships in existing home ports to facilitate battleship group integrity. When you apply the basic principles of the strategic homeporting concept, we will establish new home ports in Staten Island, Everett, in the west gulf and in the east gulf, and we will establish a second battleship surface action group in San Francisco.

PLAN

STRATEGIC HOMEPORTING CONCEPT

CHANGES IN EXISTING HOMEPORTS



To look for a minute at what the changes are——

Senator THURMOND. Would you turn back to your map for just a minute.

Does the previous map show where the homeporting would take place if this provision goes through?

Captain DRENNON. Yes, sir.

Senator THURMOND. Would you point those out?

Would you call them out for the record?

Captain DRENNON. The new home ports, sir?

Senator THURMOND. Yes.

Captain DRENNON. Yes, sir.

There would be a battleship surface action group in Staten Island, a carrier battle group in Everett, a battleship surface action group in the western gulf, centered around Corpus Christi, a carrier battlegroup in the eastern gulf, centered around Pensacola, a second battleship surface action group in the Pacific at San Francisco, with some ships at Long Beach and Pearl Harbor.

Senator THURMOND. I wanted the committee to get the picture of just what dispersal is going to be from what it is now.

I believe that 85 percent now are at two ports—in Norfolk and San Diego?

Captain DRENNON. Sir, 50 percent of the ships, if we did not disperse, would end up in San Diego and Norfolk.

Senator THURMOND. What would it be if you do disperse, if this recommendation goes through?

Captain DRENNON. If this recommendation goes through, three-fourths of our battleship surface action groups—there are four of those, so three of those four—would be dispersed in other locations. We have 14 carrier battle groups stationed in the continental United States. Two of those would be dispersed from where they would have been.

Mr. ARNY. What is the total number in those two ports after homeporting? Doesn't it drop?

Captain DRENNON. The number drops.

I will ask Captain Fermo to address that, if he will.

Without strategic homeporting, what will the number be in San Diego and Norfolk?

Captain FERMO. With strategic homeporting, Norfolk's ship numbers remain the same, or in fact, increase a little bit because, of course, we are growing—a total of 130 ships. San Diego's are reduced some.

Percentage-wise, for Norfolk and San Diego it drops it below 50 percent of our total. But if we did not do strategic homeporting, the numbers would have increased to almost 60 or 65 percent of our total CONUS forces.

Senator THURMOND. In other words, if you do not do homeporting, you will have 65 percent in two locations—is that right?

Captain FERMO. Yes, sir.

Senator THURMOND. It would be Norfolk and San Diego. And if you do the homeporting, you will have what percentage there?

Captain FERMO. Around 45 to 48 percent.

Senator THURMOND. Thank you.

Chairman GOLDWATER. May I ask a question?

How many of these proposed home ports are being proposed because of the reconstruction of battleships?

Senator THURMOND. Can someone answer that?

Mr. ARNY. Yes, sir.

Given that the battleships were part of the increase, there would be a battleship surface action group at Staten Island; there would be one stationed at Corpus Christi. That's two. There would be one in San Francisco and one is existing in Long Beach.

Chairman GOLDWATER. So how many is that?

Mr. ARNY. Basically three out of the four battleships will be homeporting out of traditional home ports.

The San Francisco Bay area, being a small home port now for carriers, but Treasure Island would be a new home port.

Chairman GOLDWATER. And Everett?

Mr. ARNY. At Everett would be *Nimitz* herself, a *Nimitz* class carrier, and a carrier battle group.

Senator DENTON. But even without the battleship consideration——

Senator THURMOND. Excuse me.

We have a vote on. I am going to go and vote now but don't want to delay this, so go ahead and carry on.

Chairman GOLDWATER. I am not going to vote, so you just go ahead.

Senator DENTON. Surface action groups would still have to be dispersed, though, wouldn't they—irrespective of the battleship?

Mr. ARNY. Yes, sir.

Senator DENTON. I would like for the committee to hear that.

We have to disperse the surface action groups whatever their composition, not just exclusively because we have battleships.

Senator BINGAMAN. Mr. Chairman, may I ask one question before we go on?

I would just like to revisit those figures.

You said that we are going to have 65 percent of the ships in the Norfolk and San Diego ports if we don't have homeporting, and we're going to have 45 percent there if we do have homeporting.

I thought we were talking about 10 percent of the fleet. How do you get a 20-percent swing in those figures when we are talking about 10 percent of the fleet?

Admiral HUGHES. We will have to do the arithmetic and clear up the record, sir. But there are two forces involved here. One is the added ships, which as was pointed out, there are actually a total of about 130 ships to the 479 that we started with. They are not all big ships, but of the number that we count in the 600 number, its 479 versus 609, which is a 130 ship Delta that come into it.

Additionally, as we move the large capital ships, to enhance our battlegroup integrity, we do some redistribution of ships, so that we wind up with the proper balance of the battlegroup in the new ports that we are opening up. But we will do the arithmetic and come back and give you a more refined figure.

[The information follows:]

With strategic homeporting, Norfolk and San Diego will homeport about 40 percent of our 609 ships. Without strategic homeporting, Norfolk and San Diego will home port about 55 percent of our ships.

Senator BINGAMAN. That is all I had, Mr.Chairman.

Chairman GOLDWATER [presiding]. Let me stick my oar in here just once again.

Yesterday, when the Secretary was here, he was asked a question about homeporting. I do not have his exact answer, but as I understand it, he said he would be willing to go $800 million, which I assume to be half of the $1.6 billion that you have been talking about.

Now that gets down pretty much to the nuts of what we are talking about. We have communities, like Galveston, like Mobile, that have raised very substantial amounts of money. That is going to require the Federal Government to put in a relatively small amount of money to provide a home port.

On the other hand, I understand that Staten Island has not raised a dime.

Mr. ARNY. No, sir. That is incorrect.

Chairman GOLDWATER. All right.

Is the Navy going to propose that we put up the money to build a battleship station in Staten Island or are we going to back off of that?

Mr. ARNY. No, sir.

What I am saying is that the New York community has put forth—it was part of their proposal—a number of items, including——

Admiral HUGHES. If I may, there was a cold cash offer of $15 million. There was an offer of 15 years lease of the land at Stapleton,

where the home port would be leased for $1 a year for 15 years. We are converting that to ownership and doing the negotiation with them. That probably would have a fair market value of somewhere around $10 to $15 million. Also, New York has backed us in being able to get housing for the people. We are negotiating with them for obtaining some land for building family housing at a discounted rate.

In toto, if you were to look at what New York is contributing, it probably has a value of somewhere around $30 million or $40 million.

Chairman GOLDWATER. But that was not the deal, as I remember it. The communities were supposed to raise money—not just offer housing, buildings, or parking lots.

Galveston, I believe, has raised $75 million. I think Mobile or Lake Charles, Gulfport, has come fairly close to that. And yet, we are looking up there at Staten Island, and so far I have not heard a penny drop.

Mr. ARNY. But, sir, it has. They have put money on the table. It is $15 million cash—this is Staten Island—it's $15 million cash plus a 15-year lease at $1 a year, which we are converting to an ownership clause; plus in our third party financing, which is on State-controlled land, they are lowering the price of that down to the cost of a bond which is, we figure, roughly a quarter of the price of the land to whoever develops it. They are making a significant contribution on top of that, sir.

There was an Army base up there, called Fort Wadsworth, which was in the excess list, which GSA was going to sell. We would have had to pay to get that land.

Instead, the excess process was terminated, and the entire location, right in Staten Island, right next to the base, is being transferred to the Navy for nothing.

Chairman GOLDWATER. How much are you going to have to spend on Staten Island, say, compared to Galveston?

Mr. ARNY. It's a different equation—$188 million in Staten Island for a battleship surface action group. Galveston is having a few problems coming up with their money. It is the home port for two reserve frigates and two reserve minesweepers and a coop, not a battleship and her five or six escorts.

Chairman GOLDWATER. Hasn't Lake Charles come up with something?

Mr. ARNY. Yes, sir; Lake Charles has. But they require very little of our money because there is an existing infrastructure and we are only putting three ships in there—a reserve oiler and two reserve minesweepers.

Now, Corpus Christi has probably put up the most. There is $25 million from the State, and $25 million from a Corpus Christi local bond, plus certain quality of life improvements.

Chairman GOLDWATER. Well, when I look at the strategic part of this, if you are not going to put a battleship or two down in the gulf ports, I don't see any sense in putting in anything.

Mr. ARNY. But we are, sir. We are putting a battleship and her escorts in the western gulf. The battleship will be homeported at Corpus Christi, with the training carrier and two or three escorts. We're putting her reserve frigate escorts up at Galveston because

of the reserve demographics. They are so much better in the Galveston-Houston area.

On the eastern gulf, we're putting, I think it is the *Kitty Hawk*, a conventional big deck carrier at Pensacola, right where the training carrier was berthed. And there will be four escorts in Mobile, right next door, and four escorts in Pascagoula, MS. They are all within the same geographic area and they will operate together.

Chairman GOLDWATER. Don't you agree that the gulf coast is an important place for heavy shipping, strategic shipping, like battleships? If we are going to have trouble in Central America, I cannot think of a better place to have a battleship.

Mr. ARNY. Yes, sir.

I would like to comment in just a second on that, and I will let Admiral Hughes comment, too.

I agree with you to the extent of the gulf coast, because 60 percent of our Army assets to NATO come through the gulf.

I think some 40 to 60 percent of our oil imports—but clearly, the northwest and the northeast are equally important to form a strategic whole.

Right now, we have capital ships north of Norfolk. In the Northwest we have our strategic submarines, based in Puget Sound, and we feel that we need to have a surface group to cover them.

Admiral HUGHES. If I may, Mr. Chairman, the point I would like to add is that the gulf coast really should be covered.

This is one of the realizations that we have come to in looking at our whole maritime strategy, and I agree wholeheartedly that it is certainly important. But don't forget the Northwest up there in Everett. We have a Trident submarine base there, with a very large resource of the U.S. Government overall. And not to have any surface ships or carrier control or support up there with that much of an investment is really questionable.

If you look at the oil flow down from Alaska, that very strategic pipeline, that sea line that we have there, and the activities of the Russians up in the Gulf of Alaska, not having the Northwest covered is really questionable.

But I just wanted to say that while you are focusing on the gulf, sir, I agree wholeheartedly. But not to the exclusion of the other areas.

Chairman GOLDWATER. I am not excluding the Northwest.

Frankly, I think they have enough water up there to put every battleship they could ever build there. But if you think you have to have another port, that's your baby. If we can't protect the flow of oil out of Alaska, we're in trouble.

On the other hand—and this is not really a subject we are talking about—last week I flew my airplane over Long Beach Harbor. I think I counted 18 tankers sitting out there with no place to put their oil.

Now what difference does it make if we can get the oil down from Alaska if we don't have anyplace to put it? Isn't that a Navy problem.

Mr. ARNY. Most of that oil, sir, is, in fact, going down to the Panama Canal, being piped across or going through on ships, and it is coming into the gulf coast home ports—not home ports, but into gulf coast ports.

Chairman GOLDWATER. Well, now, if you are talking about Panama, then you are talking about real trouble.

Mr. ARNY. Yes, sir.

I will stay away from that.

Chairman GOLDWATER. Sorry to interrupt your presentation. Please proceed.

Mr. ARNY. Let me make one point, sir.

The Secretary was serious about the $799 million that involves military construction costs, which is the bulk of the cost of putting the new bases into operation. That will get us to our IOC's, where we can stay there. That is our basic level. That is the number he has the system down to and that is the number he will stick with.

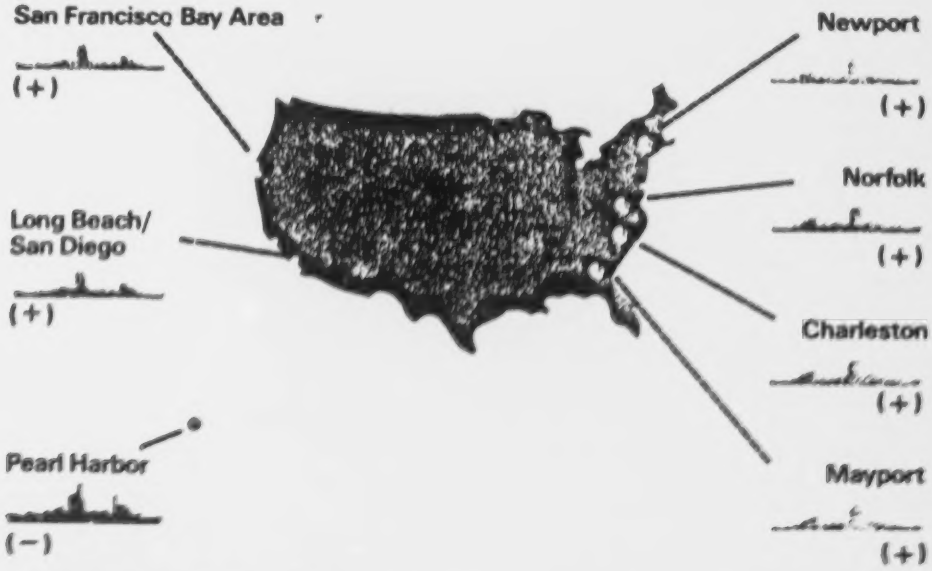
It is very similar to other financial commitments he has made and stuck with in the past. We disagree with GAO's $1.6 billion total in military construction. We have pared that down from our initial proposals, in-house, and we are going to stick with the $800 million.

Chairman GOLDWATER. Glad to hear it. Thank you.

PLAN

STRATEGIC HOMEPORTING CONCEPT

CHANGES IN EXISTING HOMEPORTS



Captain DRENNON. We were very conscientious to maintain the stability in existing home ports. From that 479 fiscal year 1988 base, there is actually going to be an increase in these major home ports, existing home ports, except for Pearl Harbor. Pearl Harbor will go down slightly. But, actually, the ships that will be at Pearl Harbor will be more than are there today.

In this area [indicating], we look at southern California as one group. Actually, our ships numbers will go down in the San Diego

area. That will take care of some overcrowding and triple-nesting problems that we have. But it will go up more in the Long Beach area, where we have some existing capacity.

PLAN

STRATEGIC HOMEPORTING CONCEPT

NEW HOMEPORTS STUDY AND SELECTION PROCESS

1 Geographic Area Designation

2 Proposals from Candidate Cities

3 Selection Criteria

- Operations
- Land
- Industrial Support
- Logistics
- Community Support
- Environmental Impact
- Cost

We had a very unique and deliberate selection process, and we highlighted a need in each of these geographic areas. We went to the candidate cities in those areas, and asked them to submit proposals, including offsets, funding offsets, and commitments.

Then we took and evaluated those proposals and the Secretary of the Navy made preferred alternative selections from those evaluations.

NORTHEAST

Surface Action
Group Composition

1 Battleship
1 Cruiser
3 Destroyers
2 Frigates
(Reserve)

Let us go on to Staten Island.

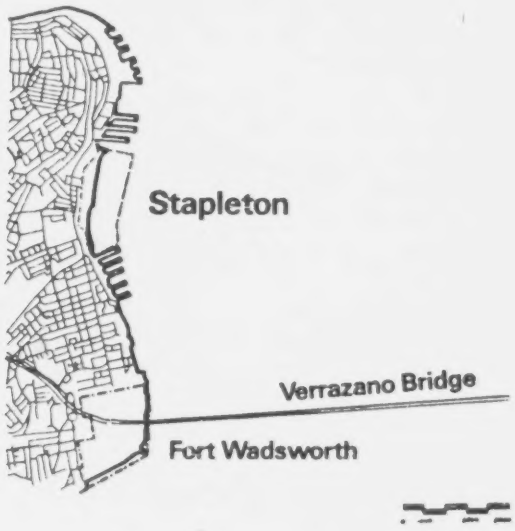
We have already talked a little bit about Staten Island. There will be a battleship there, a cruiser, three destroyers, and some reserve frigates. I am going to talk a little bit about reserves as we go through this presentation because it is important to note that, because of the strategic homeporting concept, over 80 percent of our reserve ships will be in excellent demographic or satisfactory demographic areas for selected reservists. This is important to our total force concept because the 600-ship Navy includes both Active and Reserve ships.

NORTHEAST REGIONAL PLAN

STRATEGIC HOMEPORTING CONCEPT

STAPLETON

VICINITY PLAN



SITE PLAN

Here is the Staten Island waterfront.

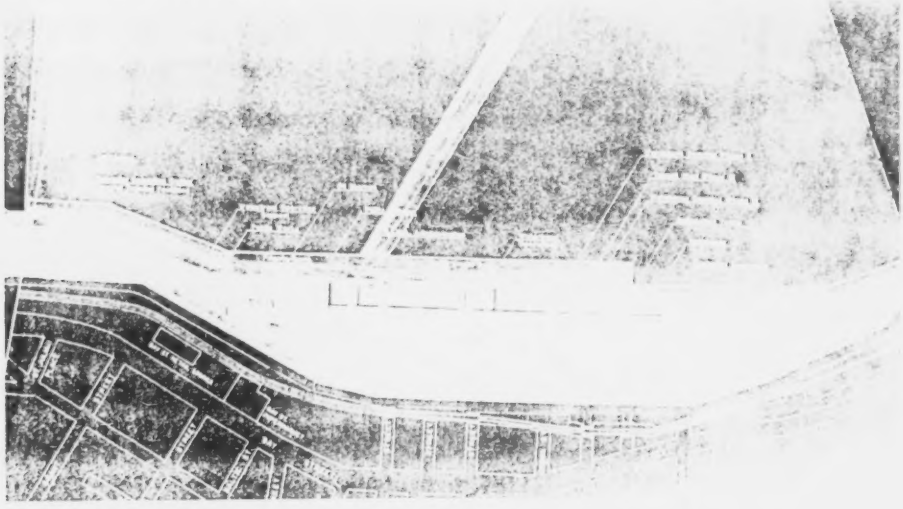
Fort Wadsworth is right here, which is part of our home port [indicating], and the Stapleton area is right in here [indicating]. Stapleton is 50 acres on the waterfront.

NORTHEAST REGIONAL PLAN

STRATEGIC HOMEPORTING CONCEPT

STAPLETON

MASTER PLAN



Here is a shot of it here, and our operational area will be about in this particular area here [indicating].

Chairman GOLDWATER. Will you have to dredge any of that—inland?

Captain DRENNON. Yes, sir. Oh, inland?

Chairman GOLDWATER. Inland.

Captain DRENNON. No, sir.

Mr. ARNY. Maintenance dredging basically will be around the edges, when we put in our piers and berthing area.

Captain DRENNON. But we will dredge in this area around here, and so forth [indicating].

This site—by the way, the Port Authority of New York and New Jersey is providing $15 million in dredging and waterfront costs toward the construction of this operational area. This is the operational area [indicating], with maintenance facilities operating out of here [indicating].

There were early on in our deliberations of this site, some other, more costly, alternatives that had several piers in here [indicating]; but we discounted those because they were too costly.

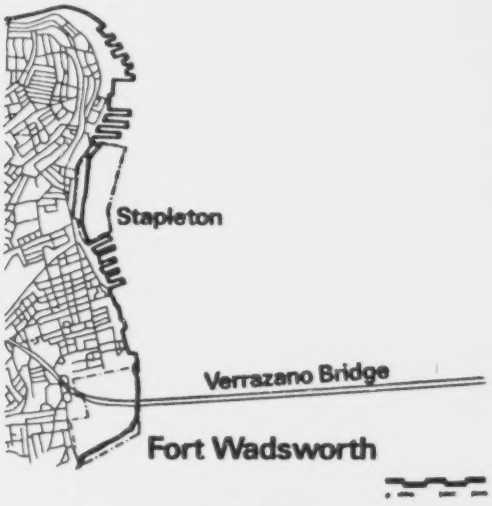
For some reason, GAO decided to take our costly two-port pier concept and put it in their report.

NORTHEAST REGIONAL PLAN

STRATEGIC HOMEPORTING CONCEPT

FORT WADSWORTH

VICINITY PLAN



SITE PLAN

Here is Fort Wadsworth, in this particular area. Fort Wadsworth is where we are going to place our personnel support and family housing. There are some existing structures at Fort Wadsworth.

As a matter of fact, the Navy already is at Fort Wadsworth. The Navy Resale Services Support Office is there, which will remain. The Navy Reserve is already at Fort Wadsworth. There is some ex-

isting housing that we will keep at Fort Wadsworth—and we will also, in the South End, build housing.

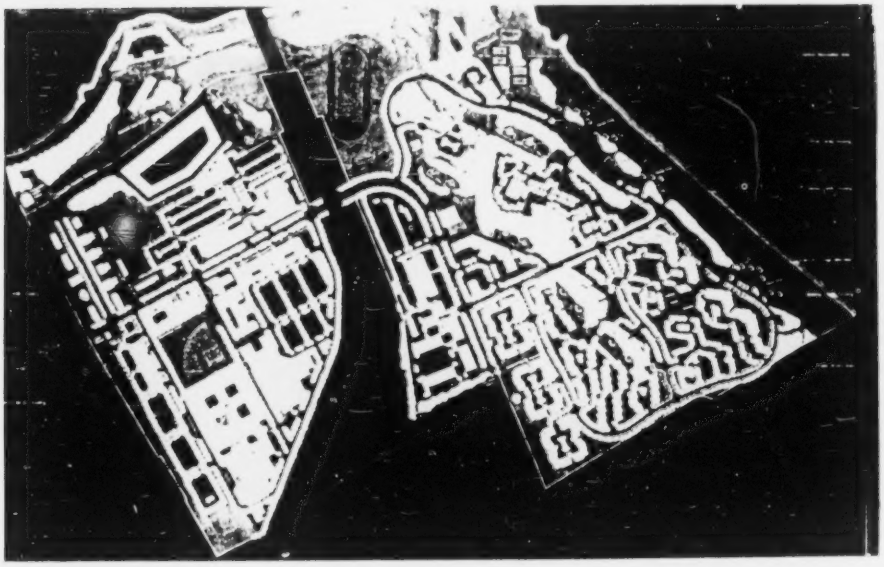
It is interesting to note that when looking at an aerial view of Staten Island, it is actually single-family dwellings and low-density housing, unlike Manhattan.

NORTHEAST REGIONAL PLAN

STRATEGIC HOMEPORTING CONCEPT

FORT WADSWORTH

Master Plan



We do have a master plan for Fort Wadsworth.

This master plan will take into account the significance of the historical structures, Fort Thomkins, Battery Weed, and other batteries. Personnel support will be at this end of the base [indicating]; family housing and recreation on this side [indicating].

NORTHEAST REGIONAL PLAN

STRATEGIC HOMEPORTING CONCEPT

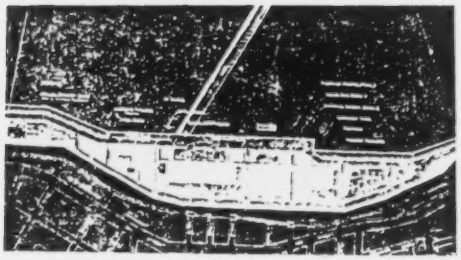
NORTHEAST PROGRAM COSTS

	86	87	88	89	90	($M) Basic[1]
Site Work/Land	6.9		17.7			24.6
Pier/Bulkheads	39.7					39.7
Dredging						
SIMA/W.F. OPS		23.0				23.0
Supply/PW		6.9	8.6			15.5
Admin./Train./Sec.						
Community/Person.		2.0	15.7			17.7
BEQ/BOQ		8.6		5.1		13.7
Utilities	14.6	23.0	7.9	8.3		53.8
SUBTOTAL	61.2	63.5	49.9	13.4		**188**
NONAPPROPRIATED FUNDS						8.5
FAMILY HOUSING						38.4
TOTAL						234.9

[1]Does not include $15M offset for dredging/bulkheads or 15 year discounting of Stapleton land.

Here are the program costs for Staten Island. Generic groupings are on the left-hand side; program years are across the top; the total is $235 million. The $235 million is the cost required for initial operating capability—that is, to operate all of the ships designated for Staten Island. The $188 million that we have highlighted here is the number that the Secretary of the Navy advised Congress last year would be all we are going to need for appropriated milcon funding for the Northeast. This does not include the $15 million in offset funding from the Port Authority for dredging the bulkheads, or the 15-year discounting of the land at Stapleton.

STAPLETON FY 86 AND 87 PROGRAM COSTS



FY 86			($ M)
	P-047	Sitework I	3.9
	P-048	Piers and Bulkhead[1]	39.7
	P-049	Dredging[2]	0.0
	P-052	Utilities I	14.6
	P-065	Land Acquisition	3.0
	FY 86 TOTAL		61.2

FY 87			($M)
	P-069	Battleship Support Complex I	63.5
	(Includes):	Supply Warehouses Sima	
		Utilities and Site Improvements II	

(1) Added Funding by PANYNJ $ 3.3 M
(2) Funding by PANYNJ $11.7 M

Here are the fiscal year 1986 and 1987 projects. These have already been before your committee.

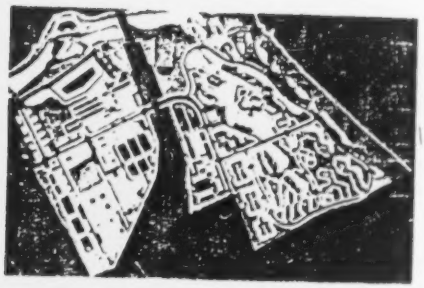
You will notice that there is a zero next to dredging, and a smaller number for P-048 here [indicating], because of the $15 million offset from the Port Authority of New York and New Jersey.

In 1987, there is one project for the battleship support complex at $63.5 million. Actually, you will see documents at $62.2 million because of inflation reductions; it includes supply warehouses, single utilities, and site improvements at Stapleton.

FORT WADSWORTH FY 87 PROGRAM COSTS

($ M)

FY 87	P-069	Battleship Support Complex I	63.5
	(Includes):	Bachelor Quarters	
		Mess Hall	



And bachelor's quarters and a mess hall at Wadsworth which are the first constructions we are going to place at Wadsworth.

Chairman GOLDWATER. How many people are you going to have stationed up there?

Mr. ARNY. We will give you the exact number.

Admiral JONES. Mr. Chairman, that would be 4,607 military personnel associated with the ships going there, and about 995 civilian personnel, including those who are already at the Brooklyn Navy Yard.

Chairman GOLDWATER. Thank you.

NORTHWEST

Battlegroup Composition

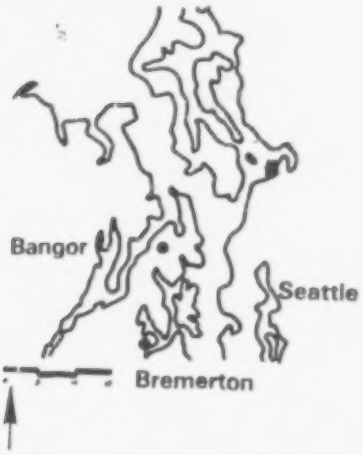
1 Aircraft Carrier
2 Cruisers
4 Destroyers
4 Frigates
(2 Active and
2 Reserve)

Captain DRENNON. We will place a carrier battlegroup in the Northwest, in Everett.

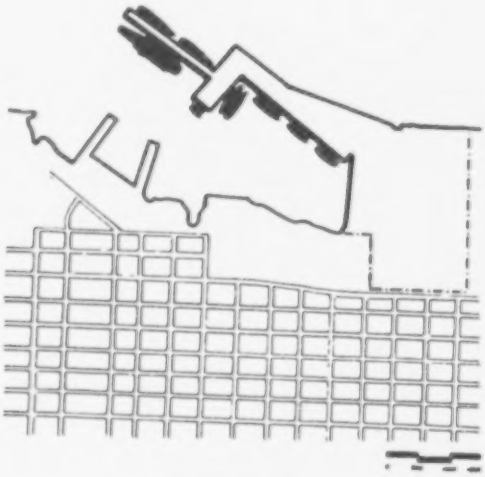
NORTHWEST REGIONAL PLAN

STRATEGIC HOMEPORTING CONCEPT

EVERETT



VICINITY PLAN



SITE PLAN

We have 117 acres on a site adjacent to the city of Everett, where there was a shipbuilding and drydock facility in the Second World War. Here is the site.

It covers all of this area and comes out to here [indicating]. We will be building an additional pier here, out in this area [indicating].

Chairman GOLDWATER. Will you need much naval construction up there? I mean a deepening of the port, widening of the port?

Captain DRENNON. No, sir; not of the port necessarily. But there will be dredging that will occur in this area [indicating] and out in this area [indicating], but not out in this particular area [indicating]. It gets deep out here, but there will be dredging that will occur in here [indicating].

Chairman GOLDWATER. You can put battleships in there now, can't you?

Captain DRENNON. No, sir.

There is a carrier that is going here, but not this close up, not where the pier would be. We could not put a battleship or a carrier in there without dredging.

Senator BINGAMAN. Mr. Chairman, I don't know when the right time is, but at some point I would like to try to get the figures on the final operational costs.

You have an initial operational cost figure that you gave us on Wadsworth.

Captain DRENNON. Operation and maintenance, sir?

Senator BINGAMAN. Yes; the operation and maintenance annually.

Captain DRENNON. I have a slide that comes a little later on in the presentation that addresses that.

Senator BINGAMAN. OK.

Mr. ARNY. Senator Bingaman, I should define or explain the definition of initial operating capability.

If IOC for a squadron of planes or for a type of aircraft is generally the first squadron that stands up, it's not the first airplane.

In the case of a base, we still use the term "IOC," but at IOC, it's a fully capable base.

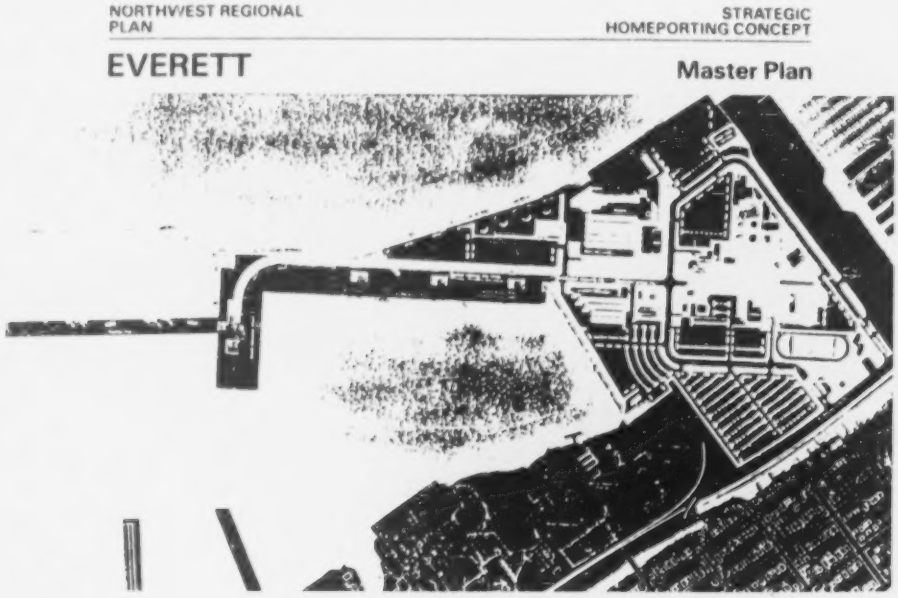
There are other programs that the base commander and other people within the Navy would like to have, but which they don't need to have.

There is not a base commander around who does not have more projects on the books than he would like to have, but we can't afford.

Senator BINGAMAN. But you've got the housing that you need, you've got the medical facilities that you need; you've got the physical fitness plants that you need—you have all of that in that figure that you gave us, there.

Mr. ARNY. Yes, sir.

It is austere, but it is there. And coupled with the third party financing that we are doing in San Francisco and Staten Island, we believe the housing will be there.



Captain DRENNON. We have a master plan for Everett. The ships will be out in this area [indicating]; operation and maintenance will be in this area [indicating]; and personnel support in this area [indicating].

We do have a master plan.

NORTHWEST REGIONAL PLAN

STRATEGIC HOMEPORTING CONCEPT

NORTHWEST PROGRAM COSTS

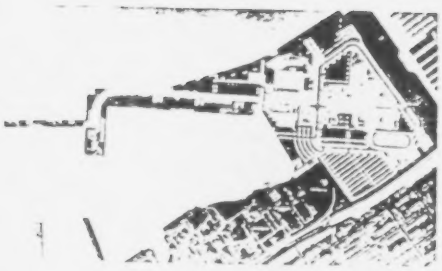
	86	87	88	89	90	($M) Basic
Site Work/Land	17.6	22.6	16.1	24.0		80.3
Pier/Bulkheads		39.0	18.5			57.5
Dredging		13.7	18.7			32.4
SIMA/W.F. OPS			15.1	11.0		26.1
Supply/PW				5.0	6.1	11.1
Admin./Train./Sec.			2.0		5.4	7.4
Community/Person.						0
BEQ/BOQ				19.8		19.8
Utilities		21.9	15.5			37.4
SUBTOTAL	17.6	97.2	85.9	59.8	11.5	272
NONAPPROPRIATED FUNDS						0
FAMILY HOUSING						0
TOTAL						272.0

Here are the program costs for the Northwest. Here you will see the dredging costs at $32 million, as you asked about.

The total costs for Everett are $272 million; and worth noting is the zero for family housing [indicating]. That is of particular interest because we find that housing, quality of life, and cost of living up in the Northwest is available and is affordable. That is in contrast to housing deficits of 6,200 in San Diego, 4,200 in Norfolk, and around 1,100 in Mayport.

EVERETT FY 86 AND 87 PROGRAM COSTS

			($M)
FY 86	P-900	Land Acquisition	17.6
FY 87	P-111	Carrier Support Complex	97.2
	(Includes):	Dredging and Breakwater	
		Mole and Site Improvements	
		Utilities Phase 1	
		Land Acquisition	
		CVBG Pier	



Here are the projects for 1986 and 1987. The first phase of our land acquisition is in 1986, which was authorized by your committee. Then we have one project in 1987 [indicating] which takes care of the carrier support complex out in this area, and the second phase of land acquisition.

Actually, the number that you will see before your committee is $95.4 million due to inflation reductions.

REGIONAL PLAN

STRATEGIC HOMEPORTING CONCEPT

This is the gulf coast. There was almost a total void of Navy presence on the gulf coast—coupled with an outpouring of commitments and offsets for a Navy presence on the gulf coast, the proximity to the crisis areas in South America and Central America, the fact, as was mentioned here earlier, that 60 percent of all the resupply and reinforcement material for NATO-related crises will come out of these gulf ports [indicating].

These are the same ports that account for about 45 percent of our foreign trade, and about 55 percent of our crude oil imports.

Chairman GOLDWATER. I was under the impression that most of the improvements were to come at Mobile.

Am I wrong on that?

Are we going to improve Pensacola and Pascagoula, too?

Mr. ARNY. Yes, sir.

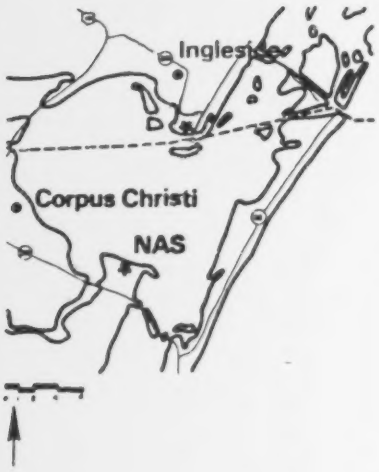
Let us show you those. It will be very little at Pensacola, because we have an existing carrier pier, and that is all we are putting there, the carrier.

There are improvements at Pascagoula, and at Mobile, and Corpus Christi, and Galveston; small improvements at Lake Charles, and I think that is it.

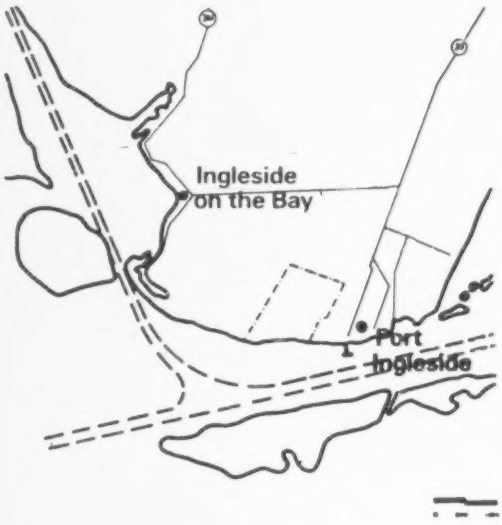
Senator THURMOND [presiding]. Now, what are you going to do with each one?

Mr. ARNY. We will hit those very quickly.

CORPUS CHRISTI



VICINITY PLAN

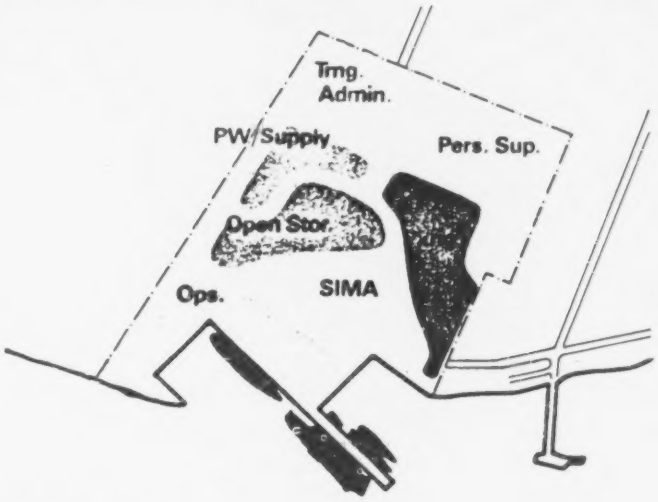


SITE PLAN

Captain DRENNON. I will show them to you.

Here is Corpus Christi. Corpus Christi came with $50 million in offsets, in funding offsets. This is the site at Ingleside. It is close to the channel. Now we are still in our master planning and our environmental phase.

CORPUS CHRISTI

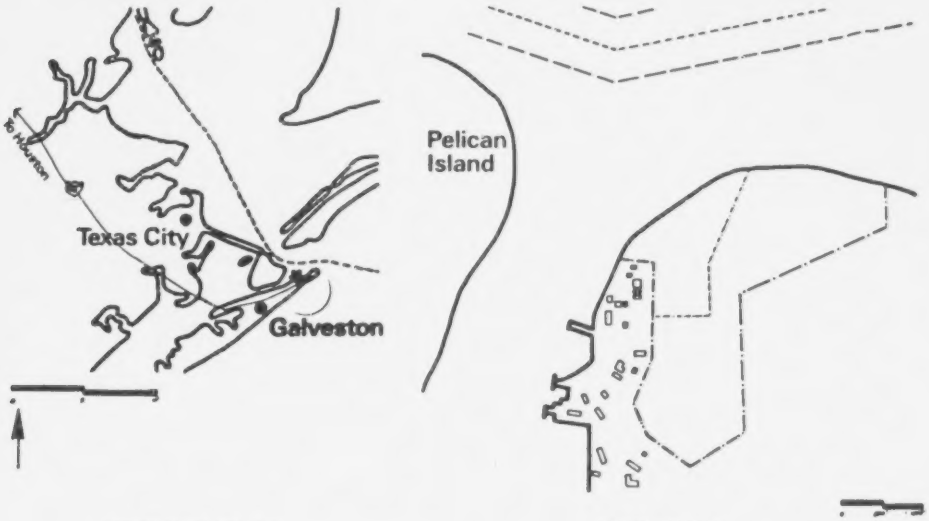


1 Battleship
1 Carrier Training
1 Cruiser
1 Destroyer
1 Mine Warfare (Reserve)

BERTHING AND LAND USE PLAN

This is a conceptual look at what Corpus Christi will look like. There will be a battleship; a training carrier that is coming from Pensacola to Corpus Christi—no operational problem result because it operates back and forth between Corpus Christi and Pensacola now; a cruiser; a destroyer; and one mine warfare ship. They will be located approximately like this [indicating]. This is just a concept of what land use will look like. Master plans are underway now.

GALVESTON



VICINITY PLAN

SITE PLAN

Here is Galveston.

We are looking at a site that is very close to the channel. In this particular area [indicating]; this is the site, right in here, that we are looking at.

Also, a Coast Guard Reserve base, a Marine Corps Reserve Unit and some Navy Reserves are already locating in this area [indicating].

Galveston, adjacent to Houston, is one of our excellent demographic Reserve areas, and that is why you have a lot of Reserve activity in this particular area.

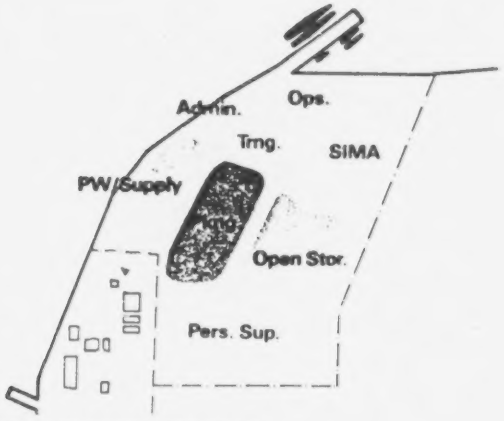
Chairman GOLDWATER. How much water do you have out there?

Captain FERMO. The channel is about 42 feet.

Captain DRENNON. I understand the channel is at 42 feet, and we are right close to the channel.

GULF REGIONAL PLAN — STRATEGIC HOMEPORTING CONCEPT

GALVESTON



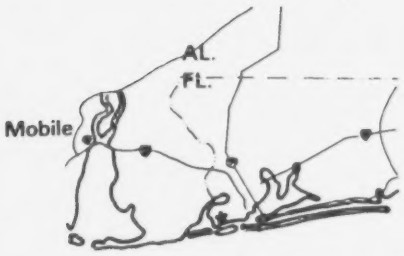
2 Frigates (Reserve)
2 Mine Sweepers (Reserve)
1 Mine Warfare (Reserve)

BERTHING AND LAND USE PLAN

We are going to place two Reserve frigates, two Reserve Minesweepers and one Reserve mine warfare there.

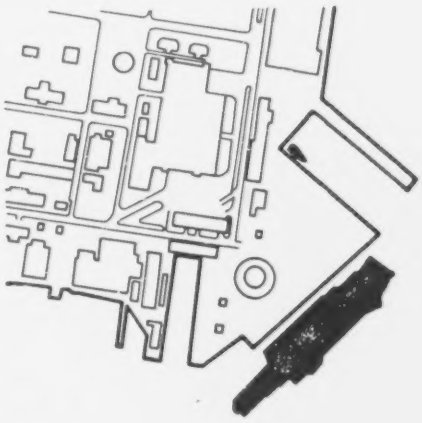
GULF REGIONAL PLAN — STRATEGIC HOMEPORTING CONCEPT

PENSACOLA



1 Carrier
1 Mine Warfare (Reserve)

VICINITY PLAN



BERTHING PLAN

Here is Pensacola.

Pensacola is an excellent location for the attack carrier because we have existing berthing right here, and we have an existing naval infrastructure.

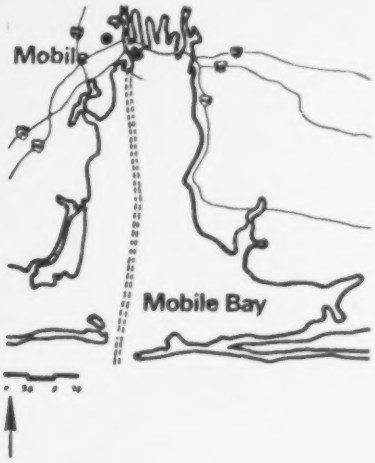
Very little has to be done in Pensacola.

However, Pensacola's waterfront is rather land poor. It would be very expensive to make land, to put the support ships there.

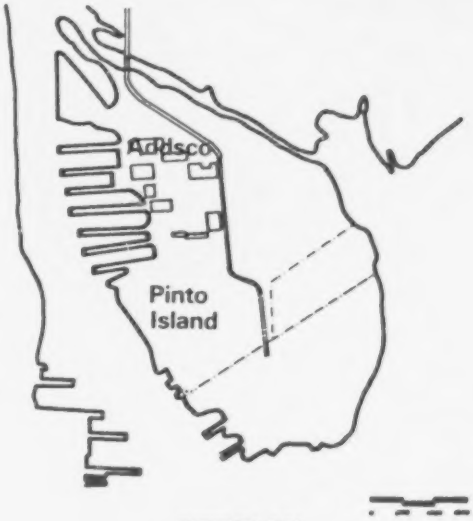
GULF REGIONAL PLAN

STRATEGIC HOMEPORTING CONCEPT

MOBILE



VICINITY PLAN



SITE PLAN

But the escorts can go right close by at Mobile and Pascagoula. At Mobile, we have identified a site here [indicating]. There is a long channel, but a well maintained channel. The site is right in this area, right close to ship repair and shipbuilding facilities.

The State of Alabama is providing $30 million in waterfront offsets in support of this homeporting.

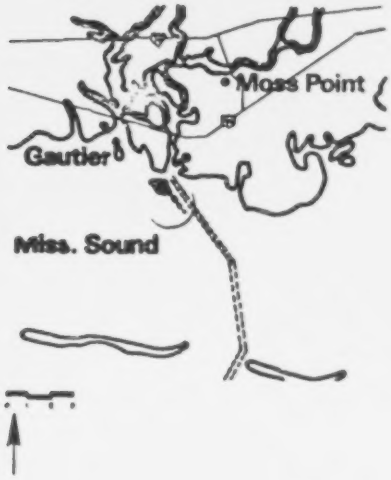
MOBILE

2 Destroyers
2 Frigates
1 Mine Sweeper (Reserve)

BERTHING AND LAND USE PLAN

This is the concept plan for Mobile: two destroyers, two frigates, and a minesweeper.

PASCAGOULA



VICINITY PLAN

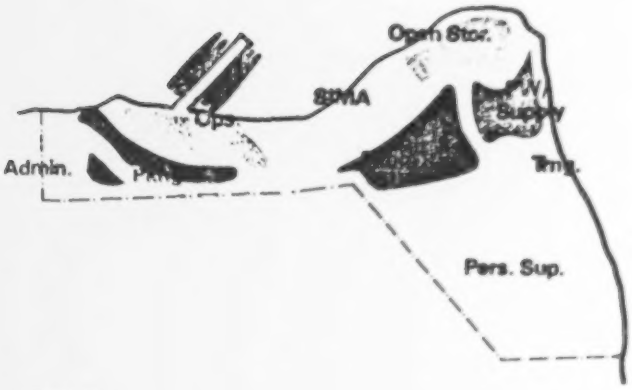
SITE PLAN

At Pascagoula, we have a potential site here, on Singing River Island, right next to the channel right across from the Ingalls shipbuilding facility. We are talking about our site right in this area here [indicating].

GULF REGIONAL PLAN

STRATEGIC HOMEPORTING CONCEPT

PASCAGOULA

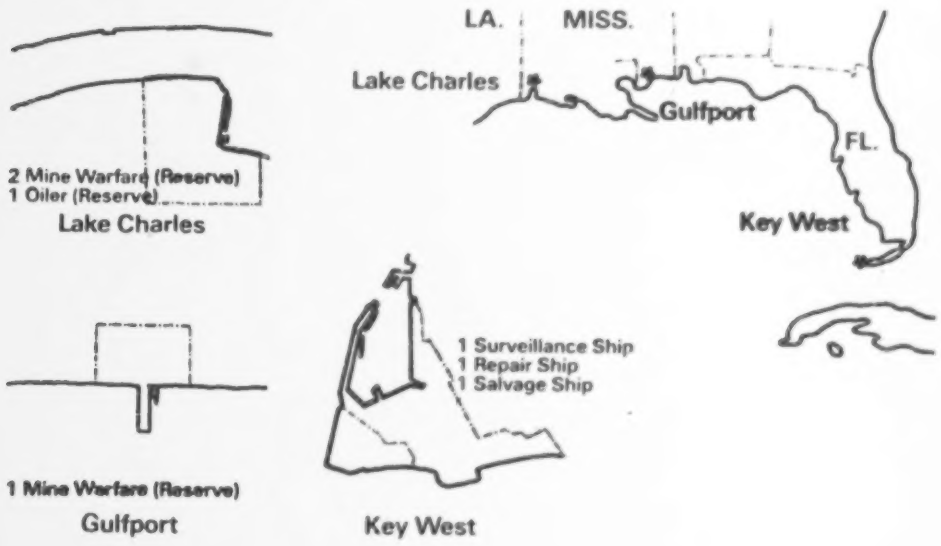


Here is the concept plan: two cruisers and two destroyers in Pascagoula. We are still working with Pascagoula on their commitments and offsets.

GULF REGIONAL PLAN

STRATEGIC HOMEPORTING CONCEPT

MISC. SUPPORT



Here is miscellaneous support.

There will be a few ships at Lake Charles, Gulfport, and also Key West.

At Lake Charles, it was amazing to see the outpouring in public support that came from that area. And also $5 million in funding offsets.

Senator STENNIS. Mr. Chairman, I am not going to ask you to recite any testimony here, but I have a list of 11 items that I am personally familiar with in the Pascagoula area. They are all in agreement with one exception that is a question of $25 million, how much of it is going to be cash and how much of it is going to be what they call "in kind."

These are formidable matters here. They have a real meaning.

Senator THURMOND. Did you want to put that into the record, Senator?

Senator STENNIS. Yes.

I will get this in written form, and then I will submit it for the record.

Senator THURMOND. Yes, sir.

Senator STENNIS. Thank you, Mr. Chairman.

[The information follows:]

This is the list of items offered by Pascagoula as their contribution to the Navy homeporting.

(1) Seventy acres of land on Singing River Island. It is on a totally unoccupied island of about 450 acres adjacent to a 42-foot channel.

(2) A $13 million, 1.34 mile causeway to the site. (A two-lane highway)

(3) Providing utilities (gas and electricity) at no cost to the Navy.

(4) Construction and operation of the sewage treatment facility.

(5) Establish and staff a permanent community service center at approximately $100,000 a year.

(6) Waive utility deposits for all homeporting personnel.

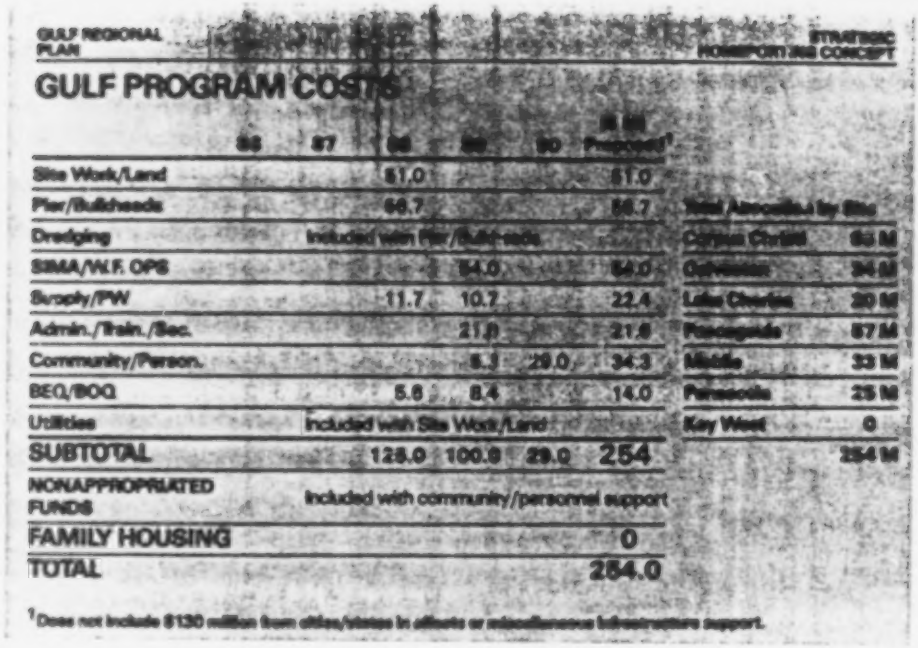
(7) Provide open storage for the Navy valued at about $600,000.

(8) Provide a clear turning basin of 1,800 feet.

(9) Operation of the Navy Steam Plant at a cost plus 3 percent basis.

(10) Unparalleled spectrum of support facility for repair and construction (ship repair and/or construction at Ingalls Shipbuilding, Moss Point Marine, and other shipbuilding facilities.

(11) $25 million worth of waterfront construction either in cash or in kind.



Captain DRENNON. Here are the program costs for the gulf coast. Actually, they don't start until fiscal year 1988. They are still planning numbers. We are still doing master planning.

It is $254 million. Again, there is zero in housing. We find that housing is affordable and available on the gulf coast.

The cost of living for military families is a real plus along the gulf.

Here also is a breakdown by site. You were asking about the costs in Galveston, Pensacola, and a few other areas. Here is a breakdown by site [indicating].

$254 million does not include $130 million in offsets and also other infrastructure and miscellaneous support coming from State and local governments.

When I say "infrastructure support," I mean they will bring the roads, the utility structures, et cetera, out to where the site is.

I might also mention that our other studies show that to place these same ships in existing home ports would have cost us about $300 million. But, we are only going to be asking for $254 million. That is because of the funding offsets of $130 million.

Chairman GOLDWATER. How much has that area contributed?

Haven't they raised more money for this than any other section?

Admiral HUGHES. Yes, sir.

Captain DRENNON. Yes, sir. The total is $130 million. Initial proposals to us to put the total battleship surface action group in each of those cities, have higher numbers. But when the battleship was placed in Corpus Christi and escorts were placed in the other locations, some of those numbers were cut back to be consistent with the number of ships going into those home ports.

Chairman GOLDWATER. They have raised the kind of money the other places should have raised.

Mr. ARNY. Well, the others did raise it but in different kinds of ways. Some of these ports are having problems with their commitments and we are working that out, as the Senator said, with not only cash, but with contributions in kind to offset our costs.

There are major contributions that have not been as evident. We were trying to avoid an auction, the atmosphere of an auction in all of these. We were trying to get the best deal for the taxpayers within specific strategic locations.

Senator BINGAMAN. May I ask a question here?

Senator THURMOND. Senator Bingaman.

Senator BINGAMAN. I remember one of the first hearings I attended in the committee. I asked Secretary Lehman what he would say if we canceled a couple of aircraft carriers that had been voted by the previous Congress. He said it would cost more to cancel them than it would to build them.

I guess you are saying now that it would cost us more not to have these bases than it would to have them, are you?

Admiral HUGHES. He will cover that.

Mr. ARNY. You will cover the Delta costs, won't you?

Captain DRENNON. Yes, sir. I will cover the Delta costs.

What I indicated here was because of the $130 million in offsets coming from the State and local communities, it allows us to ask Congress for less money than we would if we took those same ships and placed them in existing home ports and had to come and ask Congress for all of the money required to place them in existing home ports.

Mr. ARNY. What is missing is an understanding of the impact of the alternatives, when people look at what would it take to put the additional ships in existing home ports. We can put them in there now. They will anchor out, be triple nested, there won't be the housing. We have tremendous housing deficits in San Diego and Norfolk. I am crawling around on my hands and knees, trying to get proposals together to sell excess land at Miramar, in order to use that money to buy land for family housing.

We can anchor them there now, but the quality of worklife would be horrible.

Senator BINGAMAN. Yes, but you are changing the subject on me.

I had asked a question about the difference in cost between building the new ports and going ahead and expanding the existing facilities. You are saying that it is cheaper to build the new ports than it is to expand the existing facilities?

Admiral HUGHES. No, Senator, that is not correct.

If he may finish, he will address the Delta. And if it is not satisfactory, I will take that on.

Senator BINGAMAN. OK. But I thought you did when you had the chart up that said $254 million.

Captain DRENNON. I did for the gulf coast only.

Senator BINGAMAN. For the gulf coast, then, it is cheaper to build the new ones than it is to expand the existing capability?

Captain DRENNON. Yes, sir. Considering the funding offsets from the State and local communities, yes, sir.

Senator BINGAMAN. Have the funding offsets been solicited or considered from existing facilities or existing ports?

Captain DRENNON. No, sir.

Senator BINGAMAN. Should they be, in order to have a fair comparison?

Admiral HUGHES. What would be their incentive?

Senator BINGAMAN. I don't know. I mean, you are talking about stationing 5,500 additional people at Staten Island, and you have some incentives being provided by the local community for that. Presumably, there are reasons why some of the existing ports would like to have those 5,500 people there, are there not?

Mr. ARNY. Yes, sir. They would, but then that eliminates the strategic value of the concept. We have never said that, in the whole, it was cheaper to do strategic homeporting.

Senator BINGAMAN. But you are saying that it is cheaper to put the assets that you are going to put in the gulf at new ports than it is to expand existing facilities and put them there?

Mr. ARNY. If we got the projects we needed. We don't have any belief that if we had to put them in our existing ports, we'd get the projects we needed.

Senator GRAMM. Mr. Chairman.

Senator THURMOND. Senator Gramm.

Senator GRAMM. Is it not true, though, that if you wanted to take an economics concept, called "diseconomies of scale," in Norfolk and San Diego, you are putting a very heavy burden now on your infrastructure, whether you are talking about your overhead capital or your quality of life; and basically that is where the ships would go.

Admiral HUGHES. Yes, sir.

Senator GRAMM. That to move them into the area would overburden your capital and force a substantial expansion of that capital, and would certainly lower the quality of life for the military personnel and their dependents in an area that is already overcrowded. Is that not right?

Mr. ARNY. Yes, sir. That is our belief.

Senator GRAMM. Is it not also probably correct that in an area that is already overflowing with naval personnel, while you have not gone out and done the solicitation because, in fact, you wanted the dispersal for strategic value, but, in an area that already has much in the way of assets and military personnel, there is at least reason to believe that you wouldn't get people to raise their taxes in order to provide $50 million, like people in Corpus Christi did?

Admiral HUGHES. Senator Gramm, I agree with you wholeheartedly.

We are driven by the strategic considerations on the top side of it. But the main ports of Nofolk and San Diego are really saturated at this point.

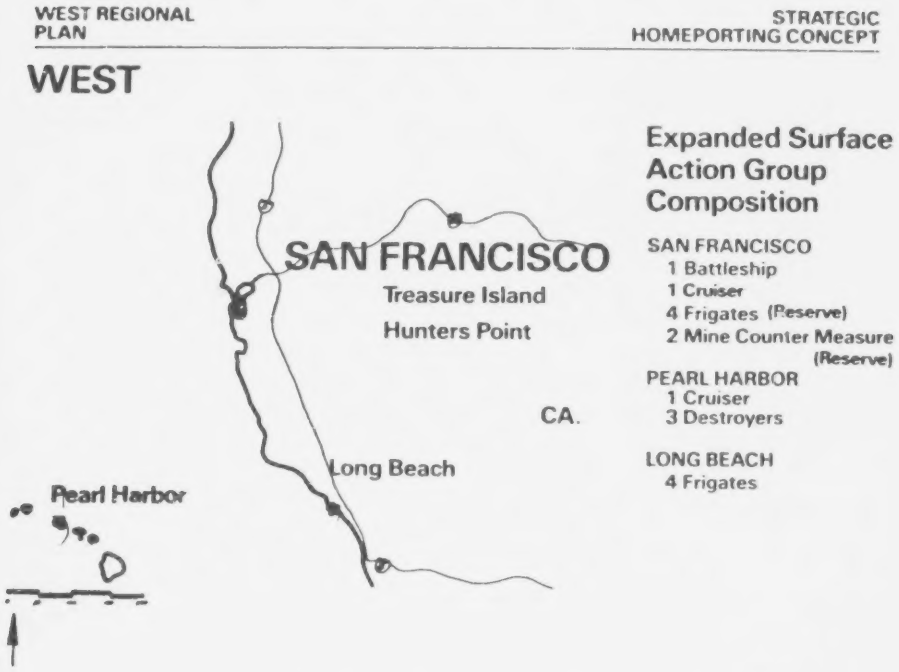
The reason I hesitate in answering Senator Bingaman's question is that I don't know what incentive there would be to further saturate those ports. Why those ports would put up extra money? They are really saturated at this point in their capabilities, and that has also driven us.

The first charts you saw showed that we had many more home ports back about 10 or 15 years ago, and we had more ships. There is a relationship to those two curves you saw at the beginning. You just cannot keep piling things up in a port from an economic standpoint as well as a strategic standpoint.

But I think we can answer with numerics at the end of this, and if Pat does not cover it, I will.

Senator GRAMM. Good.

Thank you.



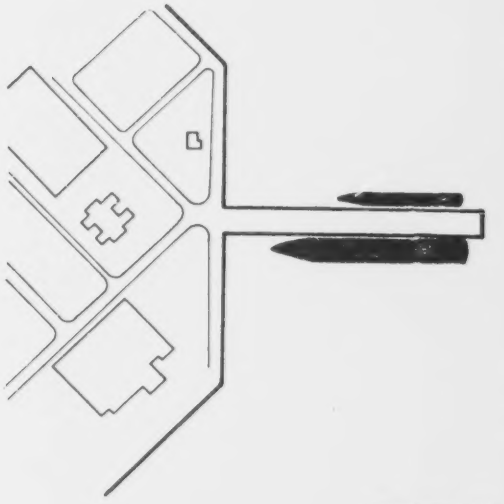
Captain DRENNON. In San Francisco, the second battle surface ship action group for the Pacific will be there, the battleship at Treasure Island.

WEST REGIONAL PLAN

STRATEGIC HOMEPORTING CONCEPT

TREASURE ISLAND

VICINITY PLAN



BERTHING PLAN

There is a pier being built right now, and the extension of that pier will accommodate both the battleship and the cruiser.

WEST REGIONAL PLAN

STRATEGIC HOMEPORTING CONCEPT

HUNTERS POINT

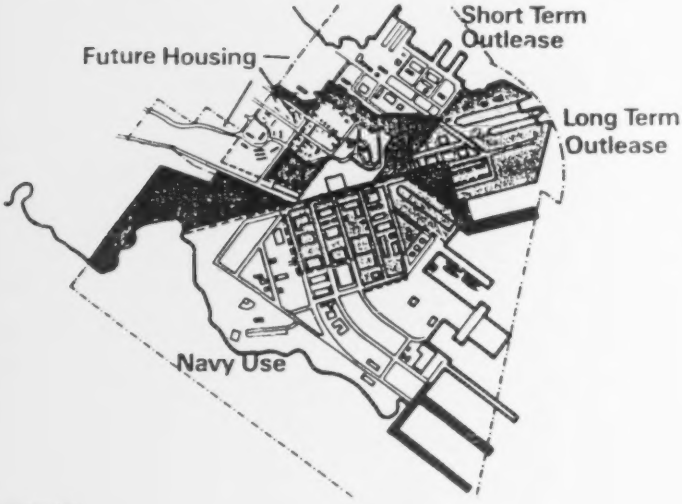
VICINITY PLAN

SITE PLAN

At Hunter's Point, we will accommodate the Reserve frigates that will come from Treasure Island.

WEST REGIONAL PLAN — STRATEGIC HOMEPORTING CONCEPT

HUNTERS POINT



BERTHING AND LAND USE PLAN

We are redoing the land use at Hunters Point. We are going to maintain the green area here [indicating], for shipbuilding capability under long term lease and Navy use in this particular area. Here is where the ships will go at Hunters Point, the Reserve ships [indicating], and in this area up here, the short-term leased area, the yellow and red area, is to be used for third party financed housing that is being facilitated by the city of San Francisco [indicating].

The city of San Francisco is also providing $5 million in dredging offsets and a million dollars a year in maintenance dredging offsets.

Mr. ARNY. Mr. Chairman, Senator Goldwater, this was another area like Staten Island, where there was a piece of Federal land that was on the excess block and was about to be sold to the outside world. As a matter of fact, it was being transferred to the city of San Francisco.

When we went with this scheme, I called them myself. They canceled the requirement. They gave it back to us because no money had changed hands. It was a piece of property which, like I say, had been excessed and is now available for us to do a third party finance type of housing.

Senator THURMOND. Who did you say had title to it?

Mr. ARNY. We had the title but GSA was the agent to execute it.

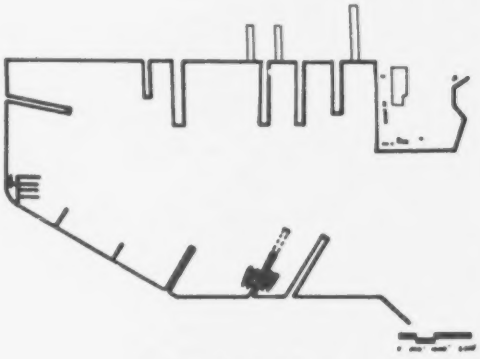
Senator THURMOND. And they were about to sell it?

Mr. ARNY. Yes, sir, and it was committed to the city of San Francisco.

WEST REGIONAL PLAN — STRATEGIC HOMEPORTING CONCEPT

LONG BEACH

VICINITY PLAN

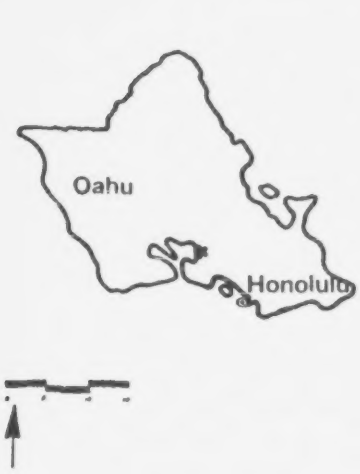


BERTHING PLAN

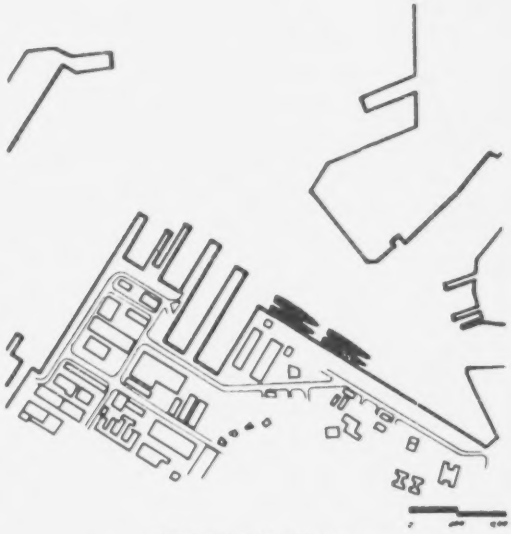
Captain DRENNON. Escorts, frigates, will be in Long Beach, to take advantage of existing berthing capacity.

The frigates will go right here, at this pier [indicating].

PEARL HARBOR



VICINITY PLAN



BERTHING PLAN

There will be one cruiser and three destroyers in Pearl Harbor. There is existing berthing in Pearl Harbor.

WEST REGIONAL PLAN — STRATEGIC HOMEPORTING CONCEPT

WEST PROGRAM COSTS

($M)

	86	87	88	89	90 Proposed[1]
Site Work/Land			2.0		2.0
Pier/Bulkheads			42.4	2.0	44.4
Dredging		0.3		7.5	7.8
SIMA/W.F. OPS			1.5	0.5	2.0
Supply/PW				1.0	1.0
Admin./Train./Sec.		0.7		2.0	2.7
Community/Person.				13.5	13.5
BEQ/BOQ/CPO		2.5	1.1		3.6
Utilities			8.0		8.0
SUBTOTAL		3.5	55.0	26.5	85
NONAPPROPRIATED FUNDS					0
FAMILY HOUSING					0
TOTAL					85

Total Allocation by Site	
San Francisco	$67 M
Long Beach	$12 M
Pearl Harbor	$ 6 M
	$85 M

[1]Does include O&MN maintenance and repair projects.

Does not include $5 M offset from San Francisco for dredging, miscellaneous infrastructure support, or 3rd party family housing.

Here are the program costs for the west. Eighty-five million dollars includes operations and maintenance repair projects, as well as military construction, because we are improving facilities in bases that exist today. As a matter of fact, the 1987 costs are all O&M project costs. Eighty-five million dollars was the least cost alternative for the battleship on the west coast.

Senator BINGAMAN. Let me be sure I understand this.

You are saying $85 million was the cheapest way you could find to berth the ships on the west coast?

Admiral JONES. That's correct.

Captain DRENNON. Yes, sir.

Senator BINGAMAN. It was cheaper to put in Everett and to expand your——

Mr. ARNY. Sir, this is only for the battleship surface action group that we are looking in the San Francisco, Pearl Harbor and Long Beach areas; not the carrier battlegroup for Everett.

We already have existing ships in Long Beach. We have some existing facilities in San Francisco. Treasure Island is already ours. Hunter's Point was ours; we were leasing it out. And Pearl Harbor, obviously, we have a capability there.

Admiral HUGHES. That is separate from the carrier battlegroup up in Everett.

Senator BINGAMAN. So, it is not the total west coast?

Mr. ARNY. No, sir.

We refer to northwest and west.

What we were looking at was a battleship group and how do we put them into ports. They wouldn't all fit. We would prefer to have

put them all in one of those three bases to have them together. But we split them between the three because we have existing facilities there.

Senator THURMOND. I want to ask you this question.

What about the housing? Staff has a figure here of $150 million.

Mr. ARNY. I don't believe it is going to be any cost to the Navy—we have third party financed housing that is going into San Francisco. At Pearl Harbor, there is third party financing as well.

Admiral HUGHES. Mayor Feinstein has personally gotten behind this. She is going to support between 1,000 and 1,500 third party financed houses to be built on the Federal land that we have identified at Hunters Point.

She is well on her way to supporting that promise.

Senator THURMOND. So, the Government would not have to put up those houses?

Admiral HUGHES. The Government will not have to put those houses up. We will provide the land, though.

Senator BINGAMAN. But all that this is doing is taking it out of the construction budget and putting it into the operations and maintenance budget.

I mean, we are going to be paying for these houses over the next 20 years, right?

Admiral HUGHES. It takes it out of the MPN budget, which you would be paying for anyway; the VHA, and the regular amount that you would be paying in the MPN budget for those sailors that are aboard in the Navy at that time. And it's doing it essentially with a passthrough. Them paying the rent for all practical purposes.

Their pay will pay for the lease, instead of the Government building on the front end with milcon.

Senator THURMOND. In other words, the rent would take care of it?

Captain DRENNON. Yes, sir.

Admiral JONES. Yes, sir.

In fact, the individual would rent the entity himself. Part of the proposal, as we are working on a memorandum of understanding with the city of San Francisco, is that the developer would provide housing and rent those units in a price range that our sailors can afford, given their BAQ and their VHA.

Senator THURMOND. What period will that lease run?

Admiral JONES. That is 20 years, sir. I beg your pardon, but we have been discussing 50 years with the city of San Francisco.

Senator THURMOND. Do we get the houses at the end of 20 years?

Admiral JONES. No, sir; they don't belong to us. They belong to a developer. It is a private developer.

Mr. ARNY. But we retain title to the land.

It is complicated, as I understand it—I am relatively new at this—by the tax benefits are the question. If we end up owning the assets at the end of the lease period, then part of the tax incentive to the developer goes away.

Now, obviously, at the end of 20 years, or 50 years, in this case, we still own the land, and he has the houses: then we are talking about renegotiating another lease. There is not much he can do with it.

Senator THURMOND. Well, now, some leases have been entered into where at the end of the lease period the houses go to the Government. Can't you work that out?

Captain DRENNON. That is possible, yes.

Admiral HUGHES. That is possible, Mr. Chairman.

We are working under present authority of the Congress right now, and section 801 and 802—that goes back to the 1984 authorization bill, the milcon bill—that authority says that it will go back to the individual.

Mr. ARNY. We, as well as many of the staffers, Congressmen, and Senators, have voiced the same problem that you have. We are working with them to figure out how we can either modify the law, or change it such that we do get possession at the end of the lease and yet still keep the incentives that allow it. We think the third party cap financing, that an outside commercial interest, can provide housing for us and maintain it cheaper than we can. But we need to protect the incentives that allow him to do that.

Senator GRAMM. Mr. Chairman.

Senator THURMOND. Senator Gramm.

Senator GRAMM. I just wanted to be sure we got a clarification here.

When we are talking about privately financed housing, we are talking about investors coming in and building the houses instead of the Government.

Admiral HUGHES. Yes, sir.

Senator GRAMM. Then, the sailors, out of their housing allowance, will pay a lease cost on the housing.

Admiral HUGHES. Senator Gramm, that's a little bit too simple. There is a step that you skipped there.

Under section 801, which is the congressional law that was passed, the Government really leases the house; but we have to go through an economic analysis that ensures that the lease price is economical to the Government, versus the amount of money the sailor gets.

Now, when the sailor goes in that house, he does not get his BAQ and VHA anymore. So there is an offset there.

Senator GRAMM. So, what we got, let me state it--and I did leave out a step because you, in essence, become the proprietor—is this. The private investor builds the house; you lease it from him at a price that is commensurate with the housing allowance; and then you, in turn, lease it to the sailor.

Mr. ARNY. That is section 801.

In San Francisco, it is different.

Admiral JONES. We are doing it differently in San Francisco, sir.

Senator GRAMM. But, in essence, what you are doing is the sailor's allowance is going to pay for the house.

Mr. ARNY. Yes, sir.

Senator GRAMM. At the end of 50 years, you own the land; so you could technically tell them if you want to come in and move the house, you can, but we are taking control. And the truth is no matter how you set it up economically, if you are going to seize it at the end of 50 years, they depreciate it down, wear it out, you get nothing. So economically it is not going to be a big issue, it seems to me, whether we get title or whether we do not.

Mr. ARNY. Yes, sir.

Senator THURMOND. I want to ask the staff member here to make a statement on that. He has been making a study of this.

Mr. MILNES. As far as the section 801 program is concerned, I think probably the correct way to state the economic analysis is a contrast between the cost of military construction versus the lease costs. I don't think we really directly enter into a review of the BAQ and VHA amounts.

Admiral JONES. Well, there is a bit of confusion here.

We are not approaching the third party financed housing in the San Francisco Bay area as we deal with the city under either section 801 or section 802.

There is a provision in the law under section 2667, title X, United States Code, 2667, for long-term outlease of Government property. We would intend to outlease the Government property, which is vacant land; the entrepreneur would build the houses, the 1,000 to 1,500 units in San Francisco; and then he would rent directly to whoever he could rent to, but with a preference for renting to the sailors.

If he was not able to fill his units up with junior officers, or junior enlisted personnel—and that is what we are structuring this for, principally, the junior officer and junior enlisted personnel—he could rent to the private sector, but on a second-come basis.

Senator THURMOND. He would have to offer it to the sailors first, wouldn't he?

Admiral JONES. Yes, sir; he would have to offer it to the sailors first. Part of our negotiations with the city is to establish a range of rental rates which our junior officers and junior enlisted personnel can afford, and then the developer undertakes and guarantees to provide the units at that rental rate so that our people can afford them.

We have a family housing deficit in the San Francisco Bay area now, today, without the battleship going in there of some 3,500 units. That is off the top of my head. But that is probably the order of magnitude.

We view this as an opportunity not only to take care of our existing families, but those that would come in with the battleship.

Senator THURMOND. I hope you handle this in a way that you look after the Government's interest just as much as if you were a businessman looking after your own interest.

Admiral JONES. Absolutely.

Senator THURMOND. There have been cases, and I have seen some of it in my experience in public life, where I felt the Government was being taken advantage of.

Mr. ARNY. What we are trying to do is very similar to the approach at Fort Ord, in which on Army land, in an area that had a tremendous amount of housing problems and was very expensive, the Army was able to provide, through third party financing, homes for junior enlisteds. In the $400 to $500 a month range, which is unheard of in the Monterey area. We are trying to do the same thing here.

It was pointed out to me a moment ago that in Fort Ord, it obviously goes to the Army troops. The Army has 30 days to provide names of occupants. If there is nobody, then for the financing angle

of it, to keep it solvent, the owner of the properties can lease them out only on a month-to-month basis to nonmilitary.

In the case of San Francisco, we'd obviously have sailors first, then Department of Defense Civil Service employees, and, finally—and I don't see where there will be any extra room left for other people coming in—those other people who did come in would only be on a month-to-month basis.

Senator BINGAMAN. I have a question.

The basic decision before the committee is whether to go with the construction of new ports, this home porting concept, or whether to expand the existing ports that we have.

Is this description you are giving us here on how you are going to do the housing or how you are going to meet the housing needs on the new ports something that you cannot do on your existing facilities?

Is this a basis for a distinction?

Mr. ARNY. The advantage in San Francisco is that this piece of property was committed to the city of San Francisco, and they said we'll turn that back to you. The city of San Francisco is the key activist behind the third party financing. They are the ones who are out twisting the arms and getting the businessmen active.

We are trying schemes like this, proposals like this wherever we can, because of the large family housing deficit.

I mentioned Miramar in the San Diego area. We have a tremendous deficit there. I had to beg and bleed on the House side for a 300 unit project in Chula Vista that one Congressman opposed.

We won that one.

At the same time, there was 475 acres of Naval Air Station property at Miramar that was excess because the State put a road across the bottom. By the GSA rules, that 475 acres was not excess.

Senator BINGAMAN. I guess the short answer to my question is that you can do this in your existing facilities as well as in your new ports, and, therefore, this availability of third party financing for housing is not a basis for distinction between the homeporting proposal and——

Mr. ARNY. But it is in San Francisco.

Senator BINGAMAN. Well, now, you say you have had a tremendous deficit of housing in San Francisco for a long time. Is that right? Did I hear that?

Mr. ARNY. Yes, sir.

Senator BINGAMAN. Why hasn't this been pursued in the past?

Why couldn't you go ahead with these 1,500 units there, whether you put in the home port or not?

Mr. ARNY. There was no incentive on the part of the city to come forward to us, to offer this kind of assistance.

Senator THURMOND. Unless you put the home port in there?

Mr. ARNY. Yes, sir. It was part of the package that the land again became available, that by putting ships down there in the Hunters Point area—we had no ships in the Hunters Point area—we were up at Treasure Island and over at Alameda.

Senator BINGAMAN. When was the land committed to the city of San Francisco by GSA?

Mr. ARNY. Several years ago. GSA works in amazingly lethargic ways. [General laughter.]

Senator BINGAMAN. But that land was not still in GSA when you had this deficit of housing, then?

Mr. ARNY. Yes, it was.

Senator BINGAMAN. Why could you not have gone to GSA, then, and said don't give that to San Francisco, we have a deficit in housing.

Admiral HUGHES. Let me try that one, sir.

This third party incentive is not as great as it sounds.

When you go out on the open market and say you-all come and bid on this, we have to meet an economic analysis, as you pointed out. And, quite correctly, with relation to the Government building the houses up front.

We have to come in cheaper and go the OMB with it and say OMB, we have this third party entrepreneur who will come in cheaper than what it would cost the Government.

We have been singularly unsuccessful in many areas. In San Diego, we did this 2 years ago and fell flat on our face. Nobody wanted to play the game. The land cost too much, the building was too much, and they could not compete.

In Earle, NJ, we fell flat on our face. We got zero bidders.

In San Francisco, Mayor Feinstein said I'll get you the bidders, I guarantee it, and I'll back that up.

That type of incentive is what is making it work.

Senator GRAMM. Mr. Chairman, may I ask one more brief question?

Senator THURMOND. Senator Gramm.

Senator GRAMM. So, the relevant point here was that the city was willing, in essence, to commit the resources through the private sector with the home port and they were not without it?

But there is another relevant issue here. Let's say you were going to put another battleship at Norfolk. Do you have the vacant, unused, uncommitted land there to do this?

Admiral HUGHES. No, sir.

First of all, this is housing that you are speaking to, and the answer is no.

We went through this. We have a shortage of housing in the area of Norfolk, about 5,000 or 6,000 houses. We went into Norfolk and tried to do a third party project and couldn't do it. We went a second time, and we just barely made it. We got turned down by the Congress after OMB approved it—twice in the House.

Senator GRAMM. But you would have no land that you own at Norfolk where you could build a similar kind with private financing on it that you are aware of?

Mr. ARNY. We have some possibly up at Cheatham Annex, again, another piece that was excess. But it is a good hour away, more than an hour.

Senator GRAMM. What about at San Diego?

Mr. ARNY. No, Sir.

We had the land at Miramar, and that, by the rules and regs, was being transferred to GSA. There was nothing we could do. Through the good offices of Senator Wilson and Senator Bingaman, and San Diego Congressmen on the House side, we were able to put in a special exclusion, or special language in the law, which allowed us to sell the land competitively and turn around and use

that to buy other land in cooperation with the San Diego government for family housing in the San Diego area.

Senator GRAMM. That land has now been used?

Captain DRENNON. We don't have it yet.

Mr. ARNY. It just happened last year.

Senator GRAMM. But it has been committed for the use of existing personnel?

Mr. ARNY. Yes, sir.

Senator GRAMM. If you tried to do it again , there isn't any land there?

Mr. ARNY. No. And the only reason we had it before is because the road came in and chopped off the bottom of the base, and by the rules, it was excess, and it is supposed to be turned over to GSA.

Chairman GOLDWATER. Mr. Chairman, I have some questions on another subject which I do not want to ask but which I will submit. They involve the Tulalip Indian Tribe.

Mr. ARNY. Yes, sir, the Tulalips.

Chairman GOLDWATER. Would you have someone answer that for me?

Mr. ARNY. Yes, sir.

[The questions submitted by Senator Barry Goldwater follow:]

QUESTION SUBMITTED BY SENATOR BARRY GOLDWATER

TULALIP TRIBE

Senator GOLDWATER. The Tulalip Tribe is involved because if the Navy were located at Everett, Washington, it would take away from the Indians around 45 acres of treaty fishing area. Because of the legal aspect, the Navy is offering economic development to the Indians in the form of leasing PX building/operation from the Tribe which the Tribe would have to put together. Also, ancillary facilities such as day care, etc. Such facilities already exist 30 miles away in Sand Point; however, if the Everett base is constructed, it is expected that the Navy would shut down those facilities. In addition to the fishing area, the Navy's operation would also affect the salmon runs and the Navy has been spending extensive money on biologists to determine what extent the effects would be and how to mitigate the potential problems.

ANSWER. The Navy is currently negotiating a draft Memorandum of Agreement (MOA) with the Tulalip Tribe to address the anticipated relationship between the Tribe and the Navy. The MOA will include the potential encumbrance of their "usual and accustomed" fishing rights in the Snohomish River, Port Gardner Bay and the East Waterway. The Navy has funded a study to evaluate the potential impact on juvenile salmon in the area due to Navy construction and continuing operations. Based on the conclusions of this study the MOA may include appropriate compensation for the Navy's encumbrance of their fishing rights.

The Navy is also investigating the potential of a third-party venture with the Tulalip Tribe to provide commissary, exchange, and other facilities on a construction/lease-back basis.

Senator STENNIS. Mr. Chairman, may I have 1 minute?

Senator THURMOND. Senator Stennis.

Senator STENNIS. We are going to have a vote at noon as I understand. I have some questions which I will not stop to read, but I do want to put into the record for the benefit of the members.

Senator THURMOND. Without objection, it will go into the record.

Senator STENNIS. Thank you.

[The questions submitted by Senator John Stennis follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN STENNIS

GENERAL ACCOUNTING OFFICE (GAO) REPORT

Senator STENNIS. The General Accounting Office (GAO) has published a report which questions whether the Navy's strategic Homeporting concept will meet the Navy's strategic goals and whether the Navy's cost figures are correct.

Please give the committee your views on the GAO's findings.

ANSWER. The Navy disagrees with the GAO report and has provided a specific response to each finding. In summary, GAO has understated the military/strategic benefits of strategic homeporting; overstated the capacity of existing naval ports; underestimated the cost of accommodating additional ships and personnel in existing naval ports; overstated the costs for establishing new homeports; and ignored the need to berth and support reserve ships.

The Navy believes it has fully demonstrated the rationale and benefits of the Strategic Homeporting Concept; has adequately documented all known estimated costs required to establish each of the new bases; and, likewise, has identified realistic comparable national costs associated with locating the Staten Island, gulf coast, and Everett battleforces in existing homeports vice new. The Strategic Homeporting Concept, which has been developed in consonance with our maritime strategy, reflects the Navy's goals of the 1990's and is firmly supported by the collective judgment of the top Navy military professionals, both past and present.

SAVINGS TO THE INDUSTRIAL BASE

Senator STENNIS. Mr. Secretary, previous testimony and statements have stressed the important benefits of this homeporting plan to this country's dwindling industrial base. When the homeporting plan is implemented and the ships are dispersed along the different coasts, costs for maintenance and supply of ships should be reduced due to competition and the fact that some ships will now be homeported in lower-cost areas.

Please explain to the committee the expected savings to the industrial base from the strategic homeporting concept?

ANSWER. Geographic distribution of the Fleet will broaden and exercise the ship repair industrial base. This will foster competition and develop surge capability needed to support Navy mobilization. It will come at a time when we are moving away from regular overhauls (ROH's) to shorter, more frequent phased maintenance availabilities (PMA's) and selected restricted availabilities (SRA's). Nearly all surface ship PMA's and SRA's are accomplished in the private sector. We expect the share of Navy overhaul and repair done in the private sector to increase from 36 percent in 1985 to 43 percent in 1987 and later years. The prospect for this increase in private sector work and the availability of more yards to compete for the work, is a major basis for expected savings.

Senator STENNIS. In addition, would the cost of day-to-day operations of the ships be affected by reason of their proximity to training areas, the fact that the cost-of-living in some areas is higher than others, or because of the competitive situation for day-to-day supplies and services in the various ports?

ANSWER. Obviously, each of these considerations would have an effect on costs, the net result being slightly less cost overall in such categories. We have stated, however, that nominal increases in base operating support will occur owing to the expanded shore establishment. There would be a compensating effect on total cost to the Navy.

COMMUNITY CONTRIBUTIONS TO THE NAVY

Senator STENNIS. Mr. Secretary, various dollar figures have been stated with respect to contributions being made by the different homeports. Could you please give the committee an assessment of dollar contributions being made by each homeporting community to the Navy.

ANSWER. San Francisco—Provide $5M of initial dredging; provide up to $1M of maintenance dredging for 20 years; develop, operate and maintain 1000-1500 family housing units at Hunters Point—rental to Navy families will be at an agreed upon rate; assist in provision of adequate transportation to housing area at Hunters Point; state funding of I-280 ramps at Hunters Point; seek private operator for ferry service between Treasure Island and Oakland/Alameda; provide bus service to housing units at Hunters Point; if required, reopen schools to support Hunters Point Housing.

Long Beach—Upgrade street access to NS/NSY; provide affordable housing as necessary through third party financing.

Pearl Harbor—500-1000 units of adequate affordable housing through third party financing; third party financing of emergency power plant.

Pensacola—$12.0M for Dredging; 0.5M Environmental Documentation.

Mobile—$30.0M Waterfront Work; Land Value of $10M (100 AC).

Pascagoula—$25.0M waterfront work; land value of $7M (100 AC); $13.0M causeway construction.

Lake Charles—$5.0M waterfront work; land value of $0.75M (30 AC).

Galveston—$8.0M waterfront work.

Corpus Christi—$50.0M land, dredging, waterfront work.

New York—$15.0M dredging & waterfront facilities; discounted value of land ($10M Value).

Everett—No cost transfer between State and Navy for submerged land ($2M value); port-owned land offered to Navy at $6M below Fair Market Value; off-base roadwork and related capital improvement projects ($10M value).

VULNERABILITY/SURVIVABILITY

Senator STENNIS. Mr. Secretary, the past 20 years has been a decline in the number of Navy ships (by approximately 50 percent) and a subsequent and equally significant decrease in the number of homeports—from 65 homeports in 1968 to 34 homeports, at present.

However, there will be no related increase to the number of homeports without the implementation of the strategic homeporting plan, even with the current plans to build to a 600-ship Navy. In fact, the implementation of the homeporting concept will increase the number of existing homeports to only 38 (due to the decommissioning of ships and the subsequent loss of homeport assignments at four locations).

Without the strategic homeporting concept, by the time we reach the goal of a 600-ship Navy, over 50 percent of our Navy Fleet based in the continental United States will be concentrated at only two different ports—one on the East Coast and one on the West Coast. In addition, 85 percent of our Fleet will be homeported between just six homeports.

In your own words, Mr. Secretary, please describe the vulnerability of our ships without the implementation of the strategic homeporting concept, and how this will affect the survivability of our Naval Fleet in the event of an attack?

ANSWER. Strategic homeporting is an essential element of our national military strategy. We have a maritime strategy which is designed to take advantage of our strengths, one of which is our geography, as we attempt to enhance deterrence. Our forward, global, coalition strategy is an economy of force strategy, but we also must protect our strategic rear. In all branches of the service, it is axiomatic that dispersal enhances defense. The military principle involved can be stated as, "the more valuable the target, the more likely the enemy will attempt to hit it". Without Strategic Homeporting, we will be providing high value, attractive targets to any potential adversary with the potential to cripple our entire defense posture. By using our geography to disperse our ships we develop a geostrategic force multiplier. Our strategic insularity is either a strength or a weakness, depending on the balance and disposition of maritime power. Strategic homeporting makes our geography a strength and denies the Soviets their preferred strategy of concentration, mass and surprise. Strategic homeporting provides the benefits of defense without the cost of war.

Senator THURMOND. Senator Exon is not a member of the subcommittee, but he is a member of the full committee and he desires to ask a question.

Senator, go ahead.

Senator EXON. Mr. Chairman, thank you very much. I have a series of questions that I would like to enter for the record, and if you can get me timely answers to them, I would appreciate that.

[The questions submitted by Senator James Exon follow:]

QUESTIONS SUBMITTED BY SENATOR J. JAMES EXON

BATTLEGROUP INTEGRITY

Senator EXON. The Navy argues that by homeporting together all the ships of a carrier battlegroup or a battleship surface action group that those ships will be able to work better together in training and combat operations.

In order to achieve this integrity, is it not necessary to have all the ships in the battlegroup on the same maintenance schedule? Is this possible for different ship types?

ANSWER. Maintenance periods (1 year overhauls) occur at fairly long intervals spanning several deployment cycles. The shorter maintenance periods will not significantly affect battlegroup integrity since they generally occur at the same point in the deployment cycle for all ships in the battlegroup. Also, both Fleet Commanders have stated that there is some flexibility in ship maintenance schedules to accommodate battlegroup integrity.

Senator EXON. If the Navy is seeking battlegroup integrity, why is it planning to divide a Pacific Fleet battleship surface action group among Long Beach, San Francisco, and Pearl Harbor? Why is it scattering another battleship surface action group and a carrier battlegroup among several gulf coast ports?

ANSWER. While battlegroup integrity currently exists in ports such as Norfolk and San Diego, it does not exist in other ports where the Navy has capital ships homeported; e.g., Mayport, Long Beach, and San Francisco. The Strategic Homeporting Concept's ship mix adjustments in existing homeports will rectify this. But the Navy has an additional need to disperse more of its capital ships while maintaining battlegroup integrity. Planned homeporting of CVBGs and BBSAGs at Everett, New York, and on the gulf coast provides this necessary dispersal and maintains battlegroup integrity by collocating appropriate escorts. The gulf coast BB SAG is located in Corpus Christi. The gulf coast CVBG will be homeported in Pensacola, Mobile, and Pascagoula which are only 30-45 miles apart and are considered to be one homeport region for training and ship repair efforts. The San Francisco BB SAG is an expanded SAG (10 ships) and although some assigned escorts will not be homeported together, the Strategic Homeporting Concept principles remain valid. Once designated, the San Francisco BB SAG will train, conduct pre-deployment work-ups, and deploy together maximizing interoperability and warfighting coordination.

DISPERSING THE FLEET TO REDUCE VULNERABILITY

Senator EXON. The Navy argues that it has crowded ports which now pose a tempting target to enemy attack or mining.

How does dispersing the fleet reduce its vulnerability? If the Navy is serious about reducing fleet vulnerability through greater dispersal, why are there no changes in submarine homeports? Is it not true that eventually our missile submarines will be based in only one port on each coast? Why are these ships, which are essential to our nuclear deterrent, not also being dispersed?

ANSWER. Vulnerability is reduced to both conventional or nuclear attack through dispersal of forces. The likelihood of a conventional attack on United States ports is increased by any scenario of global war in which we concentrate our fleet and critical fleet support in a few ports. That situation dramatically improves the Soviet strategic position.

The Soviet conventional targeting problem is complicated because it adds fully constituted battle groups to homeports not having them now. At the same time attacks are made less attractive because there is a lower payoff in a quick strike because the fully constituted battlegroups are dispersed. The vulnerability of the Fleet is reduced and deterrence is enhanced.

The plan does not address submarines to the degree it affects surface ships because virtually all of our submarines are nuclear powered and designed to operate without shore support for long periods of time. With specific regard to our ballistic missile submarines, these units are already deployed in high numbers and those remaining in port will deploy on warning.

PORTS AND MINESWEEPING

Senator EXON. The Navy is concerned that a large portion of the fleet could be bottled up in a relatively small number of ports by mines. Our existing mine clearing forces are already very small and new minehunters have experienced serious problems in their construction. Can these existing and programmed assets keep

open our existing naval bases and critical commercial ports? Will future mineclearing forces be sufficient in number to keep open the additional ports?

ANSWER. None of our existing and future homeports will be without mine countermeasure protection once our full mine warfare acquisition program is complete. All of the new homeports had been slated for minesweeping because those ports are used by logistic resupply ships in support of our contingency plans and by essential commercial and container shipping. We are taking steps through the Craft of Opportunity program to have some capability in each port.

NEED FOR MORE MINESWEEPERS

Senator EXON. I am told that the Navy currently has 21 minesweepers, of which three are active duty ships and 18 are reserve; they are all at least 30 years old. I also understand that the Navy is in the process of building 14 new minesweepers and 17 minehunters. Can you certify before us today that these craft, along with our minesweeping helicopters, are sufficient for all minesweeping duties to keep our present Naval bases open along with those economic ports that would be essential in the opening months of a war? If so, would the addition of 13 or more Naval bases that are subject to the mining threat necessitate an expansion of the mine countermeasures force?

ANSWER. None of our existing and future homeports will be without mine countermeasure protection once our full mine warfare acquisition program is complete. All of the new homeports had been slated for minesweeping because those ports are used by logistic resupply ships in support of our contingency plans and by essential commercial and container shipping.

Our programmed force levels of 14 Mine Countermeasures ships, 17 Mine Sweeper-Hunters (MSH), 22 Minesweeping Craft of Opportunity, and 38 Minesweeping helicopters will ensure adequate mine countermeasure protection to all homeports. Because there are no additional mine warfare ships to be procured after we reach these force levels, there are no additional costs attributable to the cost of our strategic homeporting program.

BASE FACILITIES

Senator EXON. Naval bases require machine shops, fuel systems, nearby ammunition storage, harbor craft including sufficient numbers of readily available tugs. Nearby airfields for helicopters and planes are usually needed as well.

Will these facilities be provided for the new ports? When and at what cost?

ANSWER. Facilities will be required at each of the proposed ports to support the operation and maintenance of assigned ships. Aircraft deploying aboard certain of these ships will be supported from existing Naval Air Stations. Construction cost for providing facilities required are as follows: Northeast MILCON, $188 million; Northwest MILCON, $272 million; Gulf Coast MILCON, $254 million; West Coast MILCON and repair, $85 million.

The grand total to be requested in military construction program during the fiscal year 1986 through fiscal year 1992 time frame is $799 million. This number does not include $150 million in offset funding offered by the state and local communities nor the $46.9 million requirement for family housing and non-appropriated funds.

COMMAND AND CONTROL OF FORCES

Senator EXON. The commanding officers of cruiser-destroyer groups and destroyer squadrons need to have frequent contact with the forces under their command in order to ensure the readiness of the ships assigned to them.

How would a destroyer squadron commander or crusier-destroyer group commander properly oversee and inspect his ships if they are scattered among several ports such as is planned for the gulf coast ports?

ANSWER. Gulf coast battle forces are not really so scattered. The BB SAG is located all in Corpus Christi. The CVBG is located in Pensacola, Mobile, and Pascagoula which are only 30–45 miles apart and are considered to be one homeport region. Frequent visits and inspections can be made by a squadron commander without incurring excessive travel costs.

MORALE OF DEPENDENTS

Senator EXON. Several of the new ports planned are relatively distant from other military bases and would support only small numbers of ships which, nonetheless would still have substantial numbers of crewmembers and dependents.

Would the personnel stationed at these bases have access to military commissaries, exchanges, base housing, and medical facilities? Would they be expected not to have these benefits? Would they be compensated in any way for the lack of these support facilities other than for housing?

How would morale be affected if these facilities were not available at the new ports?

ANSWER. All of the planned ports are in close proximity to either existing base infrastructures or private sector quality of life and community support facilities. Therefore, personnel and their dependents assigned to the planned ports will have the same amenities as they would if they were assigned to major fleet concentration such as Norfolk or San Diego with no negative impact on morale.

STRATEGIC LOCATION AT GULF PORTS

Senator EXON. The Navy has argued that the location of the new ports will place ships closer to their wartime areas of operations.

Do gulf coast ports place U.S. ships any closer in terms of steaming time to potential trouble spots in the Caribbean than existing ports in Mayport and Charleston? In terms of steaming time, how much closer are the new ports to wartime operations areas in the North Atlantic and Pacific?

ANSWER. Depending on the location of the Central American crisis requiring a naval presence, one to two days can be saved by homeporting in the gulf compared to Mayport or Charleston. In relative terms, several days less transit time plus eliminating the delay associated with waiting to rendezvous with non-collocated escorts, can be crucial to the outcome of the effort. But response time to potential contingency areas is more than just a function of transit times. Consideration must also be given to what battlegroups might be in other homeports (e.g., the closest may be in Norfolk); weather conditions that might hamper the timely availability of battleforces located outside of the contingency area; as well as the availability of escorts. Also, in wartime, Cuba may be a Soviet ally and the presence of our units in the gulf could assist in deterring Cuba from becoming an active adversary.

Obviously, ships homeported in the gulf are further away from the North Atlantic. However, they are closer to the Panama Canal for Pacific reinforcement if deemed necessary. Also, even if a contingency arose in the North Atlantic, CINCLANTFLT has stated he would retain a battlegroup in the gulf for a period of time to ensure supply lines in the gulf were not in jeopardy.

COSTS OF THE NEW PORTS

Senator EXON. The GAO has argued that the Navy has seriously underestimated the costs of the proposed new ports.

What will the new ports cost and what do those costs specifically include? Equally important, what do they exclude?

ANSWER. The total military construction costs for the new homeports are:

	Millions
Staten Island BB SAG	$188
Everett CVBG	272
Gulf Coast BB SAG and CVBG	254
West Coast BB SAG	85
Total	799

(Plus $46.9 million for family housing and nonappropriated fund projects.)

These costs are for those facilities necessary to provide a full and complete operational naval station fully capable of supporting all ships and personnel. Costs beyond the Navy's basic program are those associated with the "Enhanced" program and represent desirable but not essential projects that must compete in the normal military construction programming process of the Navy. Depending on the priorities of projects for other naval activities, the "Enhanced" program may or may not be constructed.

ALTERNATIVES TO NEW PORTS

Senator EXON. The GAO has said that the existing naval bases of Norfolk, Mayport, and San Diego either have pier space for more ships or the Navy plans to build more pier space in later years even if the new ports are built.

Are our existing naval bases overcrowded? What expansions are possible and planned for these bases? Would expansions of adequate size at existing bases be a less expensive alternative than building new ports? By how much?

ANSWER. The Navy disagrees that existing ports have the capacity to accommodate any additional ships without additional waterfront and shoreside support construction. It has been well documented that significant facility and infrastructure deficiencies exist at all existing homeports. For example, as of January 1986, MILCON deficiencies identified at Newport total $170M, Norfolk $314M, Charleston $107M, Mayport $80M, Long Beach $129M, San Diego $546M, and Pearl Harbor $443M. Thus, based upon projected ship and personnel loadings by 1993, excess capacity does not exist in existing naval homeports.

The Navy's November 1985 Military Necessity/Cost Alternatives Study submitted to Congress identifies $845.9M of construction funding (including family housing and nonappropriated fund projects) for full operating capability at the new homeports. The Navy's Cost Alternative Study also identified the cost for homeporting these ships in existing homeports at $628.6M a Delta of $217.3M. When viewed from the perspective of increased operational capability for a given investment, an investment in readiness and survivability, this additional cost is relatively small. In fact, it represents less than two percent of the Navy's MILCON FYDP.

BUDGET PRIORITIES

Senator EXON. In the spring of 1985, the Congressional Budget Office conducted a thorough study of the 600 ship Navy; they concluded that the Navy will require between three percent and five percent real growth every year over the next 9 years in order to execute the program. Secretary John Lehman testified before the House Armed Services Committee that he agreed with the CBO analysis, but that the Naval program could be fulfilled with only three percent real growth in the budget annually. He further stated that:

"A future of zero growth budgets will mean that we will be unable to sustain a 600 ship Navy—or for that matter, a capable defense."

My question is, now that we are in an era when we will be lucky to get either no growth plus inflation, or a flat budget freeze.

(1) Do you now disagree with the Secretary's statements that we cannot support the 600 ship Navy in the present funding environment? and

(2) How can we afford this homeporting plan when our programs for procurement are threatened by lower budgets—specifically, new destroyers (the DDG-51), new submarines (the SSN-21), many new aircraft and many new weapons systems?

ANSWER. While registering no disagreement with the Secretary's statement, the facts are that the homeporting plan is affordable within foreseen military construction budget levels. For example, the proposed fiscal year 1987 investment of $158 million in base facilities is about eight percent of the Navy's military construction request, and less than one percent of Navy's total budget this year. This funding is accommodated, without serious detriment to other competing construction requirements, despite the fiscal year 1987 request being only 2.6 percent more than fiscal year 1986 in real growth.

The Navy ranks the investment in homeporting extremely high because it relates to readiness and survivability and is minimal compared to all other investments made or being made to revitalize and operate the Navy. For the record, our basic homeporting program costs, including family housing and non-appropriated fund projects, are estimated at $846 million. All but $217 million of this cost is a mandatory expenditure in existing ports, should the program not proceed.

In summary, we rank the strategic homeporting investment as highly affordable and essential.

COST ESTIMATES

Senator EXON. There is a GAO study which alleges that the Navy's cost estimates for the entire strategic homeporting plan are too low by a factor of two or three.

If the GAO is correct in this estimate, would it make more sense to you in the Gramm-Rudman environment and with declining support for defense budgets to spend the billions from the proposed strategic homeporting program on ships and airplanes and submarines to attain your force goals associated with the 600 ship Navy?

ANSWER. Our basic homeporting program costs, including family housing and non-appropriated fund projects are estimated at $846 million. All but $217 million of this cost is a mandatory expenditure to homeport the additional ships in existing ports, should the program not proceed. We view the goals associated with the 600 Ship

Navy as attainable in the foreseen budget environment, with strategic homeporting in itself being one of the major goals.

BATTLEGROUP COHESIVENESS

Senator EXON. One of the rationales behind the Strategic Homeporting Plan is to allow battlegroup units to train and deploy together as a unit, so that proficiency will be enhanced and more timely responses to crises will be effected. The GAO report implies that some elements of various battlegroups will, as result of this plan, be separated by hundreds of miles and in fact will have to spend more time at sea in order to get to training areas as a unit than if the present base structure were to be retained.

Can you certify before this subcommittee today, that under the new plan, no two ships in a given battlegroup based out of the new bases would be separated by more than a half a day's steaming time from each other?

ANSWER. The Battlegroups proposed for Everett, New York, and on the gulf coast have appropriate escorts collocated. The San Francisco BB SAG is an expanded SAG (10 ships) and although some assigned escorts will not be homeported together, the Strategic Homeporting Concept principles remain valid. Once designated, the San Francisco BB SAG will train, conduct pre-deployment work-ups, and deploy together maximizing interoperability and warfighting coordination.

Battlegroup integrity does not now exist in existing ports such as Mayport, Long Beach, and San Francisco. Another element of the Navy's Strategic Homeporting Concept is to adjust the ship mix in these ports to further enhance battlegroups integrity.

Navy efforts to achieve long term battlegroup integrity should be viewed as natural outgrowth of years of experience in working-up and deploying battleforces and a desire to improve overall readiness.

Senator EXON. My key question, before we get bogged down on all of these details, gentlemen, is this. What we face as an authorizing committee is the fact that, given the situation, I think it is clear that we are going to have a zero growth or a very minor growth in our defense budget in the years ahead. Given the situation with the need for new destroyers, and submarines, and many new weapon systems—and you have a good case here—if we had the money, I would not quarrel about this. But the problem is a matter of priority, and I would just ask you a question.

If we have to sacrifice or delay some of the programs that I have just mentioned in order to go ahead with the funding for home porting, are you recommending that we do that?

Admiral HUGHES. Senator, yes sir.

First, Captain Drennon has not gotten to the bottom line of the cost Delta. That is something that Senator Bingaman was particularly interested in.

SUMMARY

STRATEGIC HOMEPORTING CONCEPT

COST SUMMARY

Location	86	87	88	89	90	($ M) Total
BB SAG Staten Island	61	64	50	13	0	188
CVBG Everett	18	97	86	60	11	272
BB SAG & CVBG Gulf Coast	0	0	125	100	29	254
BB SAG PACFLT	0	3	55	27	0	85
	79	164	316	200	40	799*

*Does not include $150 M in offset projects, family housing, NAF Projects, or miscellaneous infrastructure support.

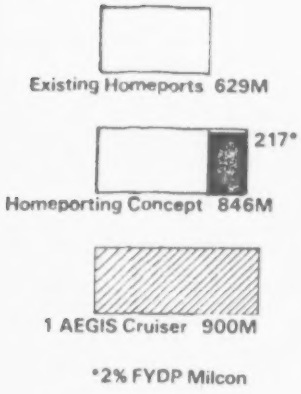
When we get finished with all of the arithmetic that we have shown here, it will answer the question of how much military construction funds we need for the initial operating capability at the new home port complexes. The answer comes out to $799 million, which was shown to you there.

But suppose you did not do that? That is your question. What would it cost you to put them in the present home ports?

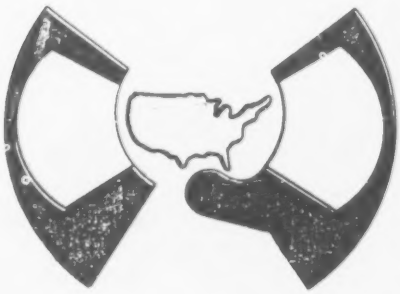
SUMMARY

STRATEGIC HOMEPORTING CONCEPT

COST EFFECTIVENESS



COST COMPARISION



RELATIVE BENEFIT

- Rendezvous Time
- Contingency Response Time
- Survivability
- Ship Channels
- Dispersed Repair and Logistics
- Group Integrity

BENEFITS

The answer to that is if you take what the gulf coast States have thrown into the pot, local people, plus the Government funds of $799 million, the net additional cost to the Government versus expanding out existing home ports comes out a maximum of $217

million. It depends on how you distribute it to the existing ports. It ranges from $58 to $217 million. We talk of the $217 million because that is the worst case.

The answer to the question is that we would give up less than one ship, and I am sure, from the standpoint of the Secretary of the Navy, that that is acceptable.

Senator EXON. So, what you are telling us is that for $217 million for the next several years, you can implement this—is that right?

Mr. ARNY. A difference between what we need for strategic home porting and what we honestly need to put those same ships in existing home ports, because the ships that we are talking about in a 600-ship Navy are either out sailing or under construction now.

Senator EXON. It sounds like a bargain, Mr. Chairman, except that I think we had better get into the heart of that because I think that is the heart of the question.

Senator THURMOND. You have asked a very important question, Senator.

Mr. ARNY. And we have addressed this in terms of the CNO and the Secretary, who have offered to testify at any time.

I would mention that.

Senator EXON. Thank you, Mr. Chairman.

I appreciate your letting me ask a question.

Mr. ARNY. But, based on the priorities, given the kinds of reductions that we hope not to see but if we do see, then this remains our No. 1 priority among the military construction. However, if we take a 50-percent reduction or something, then we all have to go back and revisit.

Senator THURMOND. There is a vote on now.

Senator East, would you chair the subcommittee until I return?

Senator EAST [presiding]. Are there any further questions?

Senator BINGAMAN. Yes, I have a question.

Senator EAST. Senator Bingaman.

Senator BINGAMAN. You have the $217 million—this is initial construction, Delta—between doing what you want to do, building these new home ports, and going ahead and just modifying or expanding our existing facilities. Do you have a similar figure for the operational expenses of the new ports as compared to the operational expenses anticipated for the existing ones?

Mr. ARNY. Captain Drennon will turn to his next slide for that, sir.

CONCEPT SUMMARY — STRATEGIC HOMEPORTING CONCEPT

ANNUAL OPERATING EXPENSES * (FY-93)

EAST COAST BB SAG	
Operating Expenses to Homeport BB SAG	
• Staten Island, New York	$13.2M
• Norfolk (Least Cost Alternative)	6.4M
Extra Operating Expense for Staten Island vs. Norfolk	$11.8M
WEST COAST CVBG	
Operating Expenses to Homeport CVBG	
• Everett, Washington	$15.1M
• San Diego (Least Cost Alternative)	8.4M
Extra Operating Expense for Everett vs. San Diego	$6.7M

* Operating Expenses Include:
Base Operating Support (BOS)/Maint & Rep of Real Property (MRP)
Family Housing O&M
Transportation and Construction Equipment (CESE)
Ship Intermediate Maintenance (SIMA) Equipment

TOTAL FY-86 NAVY BOS/MRP, Family Housing O&M, CESE, & SIMA Equipment $3700M

What this illustrates—and it is very mechanistic—and we've explained it to the committee staff—is the Delta range shown on this slide, comparing the cost at the new home ports to the least cost alternative. However, if I say pick a base you want these ships to go into and if you don't want them to go into the prime port, the Delta is smaller.

But in the case of the Everett home port, as compared with San Diego, we are talking about $6.7 million Delta increase; in the case of Staten Island versus Norfolk, we are looking at $11.8 million. Again, that is cost per year.

We suspect that the two gulf coast sites would be roughly the same cost because we don't have any existing infrastructure except at Pensacola.

So we are looking at about a total $30 to $50 million per year increase [fiscal year 1993 dollars] in operating costs. That includes one-time equipment costs annualized. When compared to the total Navy budget for these kinds of things, we are spending $3.7 billion per year.

Senator BINGAMAN. So, you are saying that the cost of operating four new facilities is not that significant?

Captain DRENNON. Yes, sir.

Senator BINGAMAN. As compared to the overall budget?

Mr. ARNY. Yes, sir; the differential between doing it at existing home ports and doing it in the new strategic home ports.

Now, there are a lot of operating costs, but they are primarily ship-driven. The ship O&M costs are going to be there whether the ship is in Pensacola, or whether it is going to be in Mayport, or some other port.

Senator BINGAMAN. This seems to be relevant to the debate we have here every year on closing of bases. To take that reasoning

the next step, then, we really are not going to save much by closing bases, because it does not cost much to operate them.

Mr. ARNY. It does at some bases.

If you eliminate the operational capability, you are absolutely right. If you just eliminate the base and do not eliminate the squadrons or ships that are operating there, you are correct.

One site that we talked about at the last hearing is the Philadelphia Naval Hospital. The case there is we have a facility that is too large for the people who are using it, and we feel we could shut it down and pay it back in 1 year only because of the value of the land.

In the case of Philadelphia, the reason we think we can have an economic payback in less than 1 year is because the land is valuable and we are not making full use of it, not because of the savings in operations and maintenance.

Senator BINGAMAN. Thank you. I will submit additional questions for the record.

[Additional questions submitted by Senator Jeff Bingaman follow:]

QUESTIONS SUBMITTED BY SENATOR JEFF BINGAMAN

NAVY'S STRATEGIC HOMEPORTING PLAN

Senator BINGAMAN. The Homeporting Plan was first approved by the Secretary of the Navy in 1982, when it was described as the best balance between the considerations of strategic safety and economy. Under the Gramm-Rudman-Hollings deficit reduction measures, we are now in a more austere situation than in 1982.

How can the homeporting plan still represent this "balance" in light of these recent deficit reduction measures?

ANSWER. The President's budget submitted to the Congress, which includes the homeporting request, is in compliance with the provisions of the Gramm-Rudman-Hollings Act. Therefore, the homeporting plan is within this "balance" as long as the President's budget request is supported.

Senator BINGAMAN. If this committee authorized the Navy to build new homeports, but insisted on maintaining the Navy's budget at the fiscal year 1986 level, plus inflation, what would the Navy have to give up to accomplish the desired dispersal?

ANSWER. The Navy's fiscal year 1987 Military Construction budget request represents only 2.6 percent real growth over the amount appropriated by Congress in fiscal year 1986. Although any cut is undesirable to the Navy, less critical projects could be deferred in order to program the strategic homeporting initiatives.

COST CONSIDERATIONS

Senator BINGAMAN. As a minimum, why hasn't the Navy backed off of the schedule for construction of the new ports? Wouldn't it be better to phase in these facilities over a longer period in light of budget constraints?

ANSWER. The Navy cannot back off of the schedule for construction because the ships to be berthed in these ports are either in existence or will be commissioned commensurate with the IOC of the new ports. Without these new ports, ships will have to use already overcrowded existing ports resulting in a degradation of operational readiness and a lowering of personnel morale.

Senator BINGAMAN. GAO has reportedly said that the Strategic Homeporting plan would cost over $1 billion, while it would cost considerably less to station ships in existing ports.

How does the Navy rank the additional investment compared with other enhancements requested in the fiscal year 1987 budget?

ANSWER. The Navy ranks the investment in homeporting extremely high because it relates to readiness and survivability and is minimal compared to all other investments made or being made to revitalize and operate the Navy. The fiscal year 1987 investment of $158 million in base facilities is about eight percent of the military construction request, and only a fraction of one percent of Navy's total budget this

year. These proportions would hold, or decrease, as remaining funding is programmed in fiscal year 1988 and 1989. In summary, we rank the strategic homeporting investment as highly affordable and essential.

For the record, our basic homeporting program costs, including family housing and non-appropriated fund projects are estimated at $846 million. All but $217 million of this cost is a mandatory expenditure in existing ports, should the program not proceed.

Senator BINGAMAN. Would it make more sense to you in the Gramm-Rudman environment and with declining support for defense budgets to spend the billions from the proposed strategic homeporting program on ships and airplanes and submarines to attain your force goals associated with the 600 ship Navy?

ANSWER. The strategic homeporting program does not involve billions, but $846 million, all but $217 million of which we must spend if we are to accommodate the 600 ship Navy without it. We view the goals associated with the 600 ship Navy as attainable in the foreseen budget environment, with strategic homeporting in itself being one of the major goals.

Senator BINGAMAN. The Armed Services Committee has asked the Navy for an estimate of out-year operational costs of running the new ports. I have not seen any such estimate to date. Has such a projection been provided?

ANSWER. The Navy has prepared a Strategic Homeporting Concept "Study of Annual Operations and Maintenance/Other Procurement Costs at Alternate Sites" which was provided to the HAC, SAC, HASC and SASC on April 8, 1986. Preliminary data was provided to GAO in April and August 1985 and a copy of the above study was transmitted to GAO on April 17, 1986.

Senator BINGAMAN. What are the comparative out-year costs for operating the new ports compared with the out year costs of stationing ships at existing ports?

ANSWER. The "Study of Annual Operations and Maintenance/Other Procurement Costs at Alternate Sites" provides an estimate of operating costs at the proposed sites as well as at existing ports projected to fiscal year 1993. The difference between the proposed new homeports and using existing ports is a maximum of $11.8M on the East Coast for the BB SAG and $6.7M on the West Coast for the CV BG.

Senator BINGAMAN. What are the total life cycle differences between the new homeporting plan versus stationing at existing ports?

ANSWER. The base operation support costs and other procurement costs for Staten Island and Everett homeporting have been compared with similar additional costs that would occur at existing homeports. The difference between homeporting at Staten Island and Norfolk (the least cost alternative among the existing homeports) is $11.8M a year in fiscal year 1993 dollars. A similar comparison between Everett and San Diego, the least cost alternative on the West Coast, results in an additional $6.7M a year in fiscal year 1993 dollars. These costs are small compared to the Navy's fiscal year 1986 budget for these costs of $3,700M.

Senator BINGAMAN. The Navy's proposal only provides funds to achieve Initial Operational Capability. Aren't some major needed items left out of these "IOC" costs? Could you explain the total cost requirement for achieving Final Operational Capability?

ANSWER. The costs associated with the initial operating capability (IOC) are for those facilities necessary to provide a full and complete operational naval station fully capable of supporting all ships personnel. No major items needed for an operational naval station have been left out. Costs beyond the IOC are those costs associated with the "enhanced" program and represent desirable but not essential projects that must compete in the normal military construction programming process of the Navy. Depending on the priorities of projects for other naval activities, the "Enhanced" program may or may not be constructed.

Senator BINGAMAN. You have stated that one of the reasons to open new ports is "battlegroup integrity"—that is to avoid the need to assemble carriers or battleship groups at sea. It seems to me that opening additional ports would spread out your forces and as a result, work against the desired integrity of naval task forces.

a. If you want to improve CVBG and SAG integrity, why don't you simply readjust ship assignments at existing ports?

b. Does the Navy have enough cruisers and destroyers to fill out all of the proposed battlegroups, surface action groups, convoys, underway replenishment groups, and marine Amphibious Force escorts? According to a CRS study, you don't.

c. Is it a good idea for battlegroups to remain static in composition? It seems to me that cruisers and destroyers should occasionally be rotated among various types of forces to provide them with different training so that they can perform different missions.

d. Won't the different overhaul cycles of different ship types prevent consistent deployment of the same units in battlegroup configuration?

ANSWER. One element of the Strategic Homeport Concept is to adjust the mix of ships in existing homeports to enhance battlegroup integrity. But the Navy has an additional need to disperse more of its capital ships while maintaining battlegroup integrity. Planned homeports of Carrier Battlegroups and Battleship Surface Action Groups at Everett, New York, and in the Gulf provide this necessary dispersal while maintaining battlegroup integrity.

Navy is already adjusting ship assignments and planning others at existing ports to improve integrity of CVBG's not involved in new basing. For example, the pier improvements requested in this year's budget at NAS Alameda accommodates a realignment of nuclear cruisers between the Atlantic and Pacific Fleets. These nuclear cruisers are an integral part of the nuclear carrier group and have been shifted to Alameda to be homeported with the two existing Pacific Fleet nuclear CVBG's. Also, ongoing waterfront projects in Norfolk and Mayport make possible assignment of newly commissioned CG–47 class AEGIS cruisers to these ports, where they are colocated with up to seven aircraft carriers also in those ports.

It continues to be the goal that, as homeporting concept is implemented, the mix of ships in existing the ports will be realized to achieve increased battlegroup integrity.

Necessary funding for the 600 ship Navy has been realized with the fiscal year 1986 Budget. While we won't actually have 600 ships in the Fleet until 1990, the 600 ship Navy is a reality, and is considered to be the minimum size Navy to carry out our missions. Additional forces to expand battlegroups, convoys, underway replenishing groups, and amphibious force escorts would enhance our capabilities. However, during time of war the U.S. Coast Guard and its forces are part of the Navy. Also our maritime strategy for war is a coalition strategy fought with our sister services and our allies.

Experience with the USS Midway Battlegroup has shown that consistency of tactics, mutual training familiarity, unit (battlegroup) identity, and esprit de corps have resulted from mutual homeporting and joint operations at sea over the long term. These factors have contributed directly to improved operational readiness. Therefore, the Navy believes strongly that battlegroup integrity has many positive payoffs. However, varying contingency situations, overhaul, and decommissioning/new commissioning schedules will casue some adjustments periodically to the battlegroup compositions.

Maintenance periods (1 year overhauls) occur at fairly long intervals spanning several deployment cycles. The shorter maintenance periods will not significantly affect battlegroup integrity since they generally occur at the same point in the deployment cycle for all ships. Both Fleet Commanders also stated that there is some flexibility in ship maintenance schedules to accommodate battlegroup integrity.

REDUCING VULNERABILITY

Senator BINGAMAN. When you spoke of vulnerability, were you speaking about vulnerability from nuclear attack, conventional attack or both? What scenario do you envision which would involve conventional attack by the Soviet Union against ports on the continental United States?

ANSWER. Vulnerability is reduced to both conventional or nuclear attack through dispersal of forces. The likelihood of a conventional attack on United States ports is increased by any scenario of global war in which we concentrate our fleet and critical fleet support in a few ports which would dramatically improve the Soviet strategic position if effectively attacked.

Senator BINGAMAN. What conventional weapons system would the Soviets use to attack the United States Navy in their own homeport areas?

ANSWER. Mines, missiles and special forces would possibly be a part of a coordinated Soviet attack on our ports.

Senator BINGAMAN. Is this a realistic threat, or are we becoming too immersed in extremely improbable war games?

ANSWER. The threat to our national security is not a fictitious one. It is a qualitative and quantitative one posed by a Soviet Union which has increased its submarine force (tactical and strategic) from 41 in 1965 to 187 in 1985 and battle force ships (CV (HGMN)), CG's, DDG's, DD/FF's from 249 in 1965 to 504 in 1985. The Soviets have also continued their policy of global encroachment by increasing the Soviet Navy's out-of-area ships day operations from 5700 in 1965 to 58,800 in 1985. By concentrating our ships in a few homeports, we increase the value of the ports as targets; therefore, dispersal becomes a necessary counter to the increased threat.

Senator BINGAMAN. Is building new ports the proper response to this threat? If we are really worried about such an attack, shouldn't we spend the money on better command, control, communications and intelligence systems to counter this specific threat?

ANSWER. Expanding some ports and building others is not the answer by itself but it is an important part of the many steps necessary to improve our overall deterrence and defense posture so that we can retain the strategic initiative.

Senator BINGAMAN. The Navy has said that this homeporting plan "complicates enemy targeting" of the United States fleet. Does it really? We are really only adding four new port complexes. It seems to me that it will cost the Soviets a whole lot less to add these targets to their list than it will cost the United States to build the ports.

ANSWER. It complicates the conventional targeting problem because it adds fully constituted battlegroups to homeports not having them now. At the same time attacks are made less attractive because there is a lower payoff in a quick strike because the fully constituted battlegroups are dispersed. The vulnerability of the Fleet is reduced and deterrence is enhanced.

MINING

Senator BINGAMAN. Another reason you state for dispersal of forces is to avoid having a large proportion of the fleet bottled up by the employment of a relatively small number of mines. I am told that the Navy currently has 21 minesweepers, of which 3 are active duty ships and 18 are reserve; they are all at least 30 years old. I also understand that the Navy is in the process of building 14 new minesweepers and 17 minehunters. Can you certify before us today that these craft, along with our minesweeping helicopters, are sufficient for all minesweeping duties to keep our present Naval Bases open along with those economic ports that would be essential in the opening months of a war? Will all the new ports have organic minesweeping capability?

ANSWER. None of our existing and future homeports will be without mine countermeasure protection once our full mine warfare acquisition program is complete. All of the new homeports had been slated for minesweeping because those ports are used by logistic resupply ships in support of our contingency plans and by essential commercial and container shipping. We are taking steps through the Craft of Opportunity Program to have some capability in each port.

Senator BINGAMAN. If not, wouldn't it be a better strategy to keep the Navy in a few well defended ports, which are fully equipped with minesweepers?

ANSWER. Answered above.

Senator BINGAMAN. Has the Navy determined the exact extent of the minesweeping problem and established contingency plans for the removal of mines from the new ports, taking into account the need to sweep ports in a serial fashion?

ANSWER. Minesweeping in a serial manner would be required whether we have SHP or not. None of our existing and future homeports will be without mine countermeasure protection once our full mine warfare acquisition program is complete. All of the new homeports had been slated for minesweeping because those ports are used by logistic resupply ships in support of our contingency plans and by essential commercial and container shipping.

Our programmed force levels of 14 Mine Countermeasures ships, 17 Mine Sweeper-Hunters (MSH), 22 Minesweeping Craft of Opportunity, and 38 Minesweeping helicopters will ensure adequate mine countermeasure protection to all homeports. Because there are no additional mine warfare ships to be procured after we reach these force levels, there are no additional costs attributable to the cost of our strategic homeporting program.

Senator BINGAMAN. Isn't the need for additional minesweepers a significant hidden cost in the Navy's homeporting proposal?

ANSWER. No. Answered above.

Senator BINGAMAN. GAO criticized the Navy for proposing to put ships in "open ports", which they say would be more vulnerable to mining. The Navy's response said that there are only 11 United States ports that are closed. The Navy also says that the place where GAO would put the additional ships—Long Beach, San Francisco and Mayport—are open. Therefore, says the Navy, the GAO proposal is no better than the Navy's plan.

How about the other places that GAO would put new ships, including Norfolk and San Diego—are they open or closed.

ANSWER. United States policy for access to United States ports by Soviet Bloc ships is set by the National Security Council. Ports are divided into two groups:

Unavailable: Port closed to Soviet Bloc shipping for all but emergency access.

Available: Access on a case-by-case basis, if requested.

The only ports in the unavailable group are those with large concentrations of Navy ships or sensitive missions. The GAO would place the new ships in a number of existing ports, including Norfolk, VA; San Diego, CA; Charleston, SC; and Honolulu, HI. All of these ports are unavailable ports.

Senator BINGAMAN. What are the 11 ports that are "closed"?

ANSWER. The 11 ports that are classifed as unavailable are: Portsmouth, NH; New London, CT; Hampton Roads, VA; Charleston, SC; Cape Canaveral, FL; Port St. Joe, FL; Panama City, FL; Pensacola, FL; San Diego, CA; Port Hueneme, CA; and Honolulu, HI.

Senator BINGAMAN. Please give us a complete comparison of how many ships would be in open ports and how many would be in closed ports under the Navy's plan and under the GAO plan?

ANSWER. Under the Navy's plan, 61 percent of the ships would be in ports unavailable to Soviet Bloc ships while 39 percent would be in ports available. The GAO plan would place 67 percent of the ships in ports unavailable while 33 percent would be in ports available. The six percent difference is a small amount when compared to the benefits gained by strategic homeporting.

PERSONNEL CONSIDERATIONS

Senator BINGAMAN. The Navy has not requested any additional manpower to accomplish the homeporting initiative. Won't these new facilities require additional shore-based support, which would demand additional manpower billets? Isn't this another hidden cost? Please explain how you can run these new bases with no additional manning.

ANSWER. Navy anticipates only minimal additional manpower requirements as a result of strategic homeporting which will be absorbed elsewhere. This is because: (1) The ships must be manned regardless of the homeport assigned; (2) The primary military manning requirement at the new homeports will be Shore Intermediate Maintenance Activities (SIMA) which afford ships fast upkeep services in homeport, while also providing important sea-shore rotational billets for sailors with maintenance ratings. SIMA manning relates to ships assigned and increases will be required in existing ports if strategic homeporting is not implemented; (3) The relatively few military administrative personnel assigned to the new bases would also be required in existing homeports with increased ship loading; (4) Two of the so-called new bases already have an existing administrative organization. For example, at Everett, the organization already exists at NS Seattle (Sand Point) which is an integral part of the plan. Similarly, Navy personnel are in place today at NS New York (Brooklyn) for the current mission; (5) Base operations will most probably be contracted out similar to what we now do at NSB Bangor, WA. Therefore, manpower is not a hidden cost.

Senator BINGAMAN. According to the GAO report, as the Strategic Homeporting plan is currently structured, the totally new bases will have little in the way of health, morale and welfare facilities that most of our established bases have—hospitals, recreational facilities, housing and a wide array of support facilities. Further, they will lack many of the support and training facilities such as required schools that are necessary to qualify personnel to operate our combat equipment.

Are you concerned that the personnel assigned to these new bases may be spending an inordinate amount of time traveling to and training at other facilities, thereby already exacerbating the problem of separation from their families as a result of their deployment away from home?

ANSWER. The construction plan at each of the new bases will provide for essential quality-of-life and morale, welfare, and recreation facilities. Most enlisted crew members assigned to afloat billets on large ships report following training periods, both permanent (PCS) and temporary (TDY) in the Training Command. There they acquire or hone skills in intermediate and advance schools attended full-time. These Training Command schools are located throughout the country, meaning that attendance may involve separation from family if training is short duration. Examples in this year's budget is the combat systems maintenance training school at Mare Island, essential for many sailors on surface combatants. Last year's project for diesel engineman training at Great Lakes is another example. This training situation will be experienced with or without strategic homeporting. Once into a shipboard tour, training is largely on-the-job either in port or underway. There will not be an inordinate amount of time spent traveling to or attending training elsewhere.

Senator BINGAMAN. Might this not worsen our ability to retain good personnel?

ANSWER. We do not expect strategic homeporting to have a negative impact on retention. On the contrary, because the proposed homeports are in communities that welcome the Navy and offer many amenities, and because we propose to have adequate support facilities ready when the ships arrive, the quality-of-life and satisfaction with voluntary Naval service will be enhanced.

Senator BINGAMAN. Are there any possible negative effects of homeporting ships far away from normal Navy supporting infrastructures. For example:

In new bases where no family housing is available and where other "infrastructure," such as commissaries, exchanges and recreational facilities are far from base or are nonexistent?

In areas where inexpensive, decent housing might not be readily available?

In areas where personnel will not only be separated from families during deployments but also separated because they must travel to attend training or to perform routine logistic functions?

ANSWER. First, on family housing, we are moving with both fiscal year 1986 and proposed fiscal year 1987 projects for lease construction and military construction, respectively, to acquire family housing in Staten Island, where our surveys tell us a shortage exists. We can meet the entire demand there with these and follow-on programs, mainly involving leasing in the private sector. At other proposed homeports, family housing demand can be readily met in the private community or through lease construction projects. We base these findings on recent market surveys at the locations.

Second, on commissary, exchange and recreation facilities, the situation is:

Pensacola	Existing major Naval Complex.
San Francisco/Long Beach/Pearl Harbor	Existing major Naval Complex.
Corpus Christi (Ingleside)	Existing Naval Air Station.
Staten Island	Reuse existing Army facilities at Ft. Wadsworth, alter and expand as required. Also, use facilities at Ft. Hamilton.
Everett	Facilities at Naval Station Seattle, Sand Point, are available.
Other Gulf Coast	Minimum facilities to be constructed, major support from nearby major military complexes or local community.

OTHER ITEMS

Senator BINGAMAN. During the Navy's testimony before the House Armed Services Committee, Congressman Dellums asked the Navy to list the strategic factors for each port and do a comparison of these factors for "site A" over "site B". Did you ever provide this kind of analysis to the committee? What were the results?

ANSWER. A Chief of Naval Operations homeporting study team visited potential homeporting sites and evaluated these sites based on the following site selection criteria: Operational considerations, Proximity to Industrial Base Support, Logistic Support Capabilities, Community Services, Land Availability, Environmental Issues, Cost.

These factors were used to weigh advantages and disadvantages of the various potential homeports. Through an objective evaluation of these factors the study teams prepared an analysis of the data gathered that was presented to the Secretary of the Navy which he used in selecting a preferred alternative homeport site.

Senator BINGAMAN. When will the environmental impact statement be done for the dredging of the port at Everett, Washington? Aren't there significant problems related to the presence of pollutants in this dredged material? Shouldn't you wait for the results of that statement before spending any money on this location?

ANSWER. The Navy filed a Final Environmental Impact Statement on June 21, 1985. However, the Corps of Engineers (COE) determined that a Supplemental Environmental Impact Statement (SEIS) would be required to address disposal issues concerning contaminated dredge materials before issuing a dredging permit. The SEIS is under preparation by the COE with the assistance of the Navy. The draft SEIS is scheduled for filing on July 14, 1986 with public hearings scheduled for August 8, 1986. The final SEIS is scheduled for filing on October 14, 1986 followed by a record of decision by the Secretary of the Navy in late November 1986. The

Navy will not commit construction funds until this documentation process is complete.

Senator BINGAMAN. Have you overcome all of the early community concerns regarding the presence of nuclear weapons in the Staten Island area?

ANSWER. The Navy neither confirms nor denies the presence of nuclear weapons on board Naval vessels. During public hearings on the Environmental Impact Statement (EIS) in early 1985, and more recently on the Supplemental EIS, private groups expressed concern and opposition to homeporting on grounds nuclear weapons would be present. In response, while reiterating the neither confirm nor deny policy, the Navy outlined safeguards, precautions, emergency planning and other special response provisions that render any risk, nuclear or non-nuclear, negligible. We do not feel our assurances placated these small but vocal groups, and objections are likely after the Record of Decision of the SEIS is issued. We believe our conclusions and position on the impact of homeporting will be sustained in any judicial process that might ensure.

BUDGET PRIORITIES

Senator BINGAMAN. Presently, the average age of Navy Combat Aircraft is 12.6 years. The desired average age is eight-nine years of age. The five year plan before the committee at this time will not reverse the overall aircraft aging problem, but merely hold the line at 12.5 years. And it is not assured that we can even achieve that.

My question is, given the smaller budgets that we are likely to have, in comparison to the administration five year plan, how can we justify the expense of billions on strategic homeporting when we don't have enough money to buy enough Naval aircraft?

ANSWER. The strategic homeporting construction program does not involve billions, but $846 million, all but $217 million of which we must spend if we are to accommodate the additional ships in the existing homeports without it. We view the goals associated with the 600 ship Navy as attainable in the foreseen budget environment, with strategic homeporting in itself being one of the major goals.

SUBMARINES

Senator BINGAMAN. I notice that nowhere in the Navy's Strategic Homeporting Plan is there any intention to disperse ballistic missile and attack submarines. Is there no need to do so, and if not, what is the compelling reason to disperse surface ships and not submarines if we are concerned about the vulnerability of our forces being too concentrated geographically? Isn't the Navy's plan for ballistic missile boats to eventually have them homeported in just two bases—Bangor, Washington and Kings Bay, Georgia?

ANSWER. The plan does not address submarines to the degree it effects surface ships because virtually all of our submarines are nuclear powered and designed to operate without shore support for long periods of time. With specific regard to our ballistic missile submarines, these units are already deployed in high numbers and those remaining in port will deploy in warning.

Senator BINGAMAN. In the Navy's rebuttal of the GAO report it is stated that the dispersal of the surface forces will aid in the protection of submarines at their bases. Since when do our surface ships provide protection to our submarines? In the case of attack submarines, don't they essentially protect surface ships? When was the last time a surface ship was used to protect a ballistic missile submarine, aside from range security duties during missile test launches and sea trials for new boats?

ANSWER. The Soviets have announced their intention to attempt to destroy our nuclear capable submarines. When these submarines are in port is the only time the Soviets can confidently locate them. In a period of tension, the Soviets could deploy submarines off our SSBN bases in an attempt to locate and trail these submarines and destroy them on command. Dispersal provides the ability to protect the approaches to our SSBN bases and deny the Soviets this option. You are correct that surface forces do not defend ballistic missile submarines. When they are deployed, stealth is their protection.

POSSIBLE NEGATIVE EFFECTS ON MORALE AND RETENTION

Senator BINGAMAN. Are there any possible negative effects of homeporting ships far away from normal Navy supporting infrastructures in areas where inexpensive housing might not be readily available and personnel might spend much time and effort compensating for long distances between the new ports and normal support-

ing infrastructures—from supply and maintenance centers to specialized schools such as firefighting and warfare specialty schools?

ANSWER. Each of the "new ports" are in areas with either existing military base infrastructures or suitable private sector quality of life and community support facilities. Therefore, many of the logistic requirements are already available to varying extents. Basic specialty training is completed by all personnel, both officer and enlisted, before reporting to their assigned ships. Based on this and many other factors, Navy does not anticipate any negative effects on morale and retention.

PERSONNEL FACTORS

Senator BINGAMAN. According to the GAO report, as the Strategic Homeporting plan is currently structured, the totally new bases will have little in the way of health, morale and welfare facilities that most of our established bases have—hospitals, recreational facilities, housing and a wide array of support facilities. Further, they will lack many of the support and training facilities such as required schools that are necessary to qualify personnel to operate our combat equipment.

Are you concerned that the personnel assigned to these new bases may be spending an inordinate amount of time traveling to and training at other facilities, thereby already exacerbating the problem of separation from their families as a result of their deployment away from home? Might this not worsen our ability to retain good personnel?

ANSWER. The construction plan at each of the new bases will provide essential quality of life and MWR facilities. Most enlisted crew members assigned to afloat billets on large ships report following training periods, both permanent (PCS) and temporary (TDY) in the Training Command. There they acquire or hone skills in intermediate and advance schools attended full-time. These Training Command schools are located throughout the country, meaning that attendance may involve separation from family if training is short duration. Examples in this year's budget is the combat systems maintenance training school at Mare Island, essential for many sailors on surface combatants. Last year's project for diesel engineman training at Great Lakes is another example. This training situation will be experienced with or without homeporting. Once into a shipboard tour, training is largely on-the-job either in port or underway. There will not be an inordinate amount of time spent traveling to or attending training elsewhere.

We do not expect strategic homeporting to have a negative impact on retention. On the contrary, because the proposed homeports are in communities that welcome the Navy and offer many amenities, and because we propose to have adequate support facilities ready when the ships arrive, the quality-of-life and satisfaction with voluntary Naval service will be high.

OPERATIONS AND SUPPORT COSTS OF THE NEW BASES

Senator BINGAMAN. The Staff has received estimates of operations and support costs of the new bases. Conservative projections indicate that the new bases associated with the strategic homeporting plan will increase the Navy's annual bill for bases operating and support costs by $2 billion dollars per year, or about $20 billion dollars over the next decade for these new bases alone.

Would the Navy, in the current fiscally constrained environment prefer to put that money into new hardware, such as new submarines, destroyers and aircraft rather than in fixed bases which are in themselves austere operating bases requiring additional investment expenses?

ANSWER. Since the present annual base operating support cost for the entire Navy shore establishment, including maintenance, transportation and housing operations, is about $3.7 billion, citing the increase due to strategic homeporting as $2 billion is grossly inaccurate. For example, our estimates for increases in annual operating expenses are $11.8 million and $6.7 million for Staten Island and Everett, respectively.

The strategic homeporting construction program does not involve billions, but $846 million, all but $217 million of which we must spend if we are to accommodate the additional ships in existing homeports. We view the goals associated with the 600 Ship Navy as attainable in the foreseen budget environment, with strategic homeporting in itself being one of the major goals.

Senator EAST. I think, gentleman, we had best recess so that we can conclude this vote. We will continue then.

[A brief recess was taken.]

Senator THURMOND [presiding]. Has the Navy completed its presentation?

Mr. ARNY. Yes, sir. We have completed the formal presentation. The O&M slides and the milcon slides were not talked to directly, but I think they were up and we covered them during the formal portion of the presentation.

Senator THURMOND. I have a few questions here for you to answer for the record. I believe that will save time.

Mr. ARNY. Yes, sir. We will be glad to do so.

[Additional questions submitted by Senator Strom Thurmond follow:]

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND

PERSONNEL IMPACT

Senator THURMOND. In a letter to the Committee, Admiral Thomas Hayward, Chief of Naval Operations from 1978—1982 expressed concern about the impact of the dispersal on the military personnel, especially the career oriented family Navy person.

Please comment.

ANSWER. Strategic homeporting should have a positive impact on the career oriented family Navy person rather than a negative impact. All "new" bases are located in areas where either a military base infrastructure already exists or sufficient private sector community support and quality of life facilities exist. This means commissaries, exchanges, hospitals, etc. are readily available in close proximity to the member and his family. Additionally, almost all "new" bases are located in areas of the country where housing is readily available and affordable to the individual and his family. In the case of Staten Island, we are moving with both FY 1986 and proposed FY 1987 projects for lease construction and military construction, respectively, to acquire family housing in Staten Island where our surveys tell us a shortage exists. We can meet the entire demand there with these and follow-on programs, mainly involving leasing in the private sector. This would not be the case if the member were assigned to an existing homeport such as Norfolk or San Diego. These and many more factors lead Navy to the conclusion that strategic homeporting will promote and not deter career service.

REDUCING FLEET VULNERABILITY

Senator THURMOND. Given the Soviets' ability to strategically target multiple targtets simultaneously, some feel that there is no advantage of dispersing ships to additional fixed geographic ports. What are the demonstrable benefits.

ANSWER. The Soviets are particularly concerned about correlation of force calculation in which they compute such factors as time, distance and force numbers. Those calculations are used to determine whether a favorable situation for attacking exists. We are concerned about deterring attacks because we realize that war is disadvantageous.

To further enhance deterrence we will locate our Navy in eight strategic locations—three each on the East and West Coasts and two on the Gulf Coast. By doing so, we present a difficult situation to the Soviets who have a particular view on base attack. Vice Admiral Stalbo of the Soviet Navy recently said,

"Almost all the. . . operations and combat actions in history aimed at destroying naval forces in bases ended with victory for the attackers and total defeat of the defenders; losses of naval forces attacked in base were particularly heavy and at times assumed catstrophic dimensions."

The Soviets have stated that they believe a prolonged conventional war is possible; i.e., they do not envision a first strike nuclear exchange at the beginning of a conflict. In the event of war, it is our desire to provide the NCA with viable conventional warfighting options which will obviate the requirement for nuclear escalation. The demonstrable benefits of strategic homeporting is that it dilutes the potential threat density to our naval forces and diminishes the possibility of a debilitating enemy strike.

Senator THURMOND. With our limited mine countermeasure capability, ports will be swept in serial fashion. Would geographic dispersal to new ports delay fleet breakout by creating more sites that will have to wait in line to be swept for mines?

ANSWER. Geographic dispersal actually improves our mine countermeasure capability. There are two ways of dealing with a mining threat and mine sweeping is the second. The first and most desirable way is to prevent the mines from being laid at all. Just as with other potential threats, dispersal dilutes the enemy threat but specifically, with regard to mines, increases the likelihood we will be able to detect and thwart the laying of mines in the first place.

Senator THURMOND. What percentage of our ships are normally at sea? How much warning do we expect before the breakout of hostilities? Would a high percentage of our ships be at sea at the breakout of hostilities?

ANSWER. Approximately one-third of our Navy is at sea in any one day in peacetime. The warning of war anticipated is currently several weeks; however, history shows us that anticipated warning times have little correlation with actual warning times in war. Suffice it to say that we will deploy as many ships as possible in a period of grave crisis. Their proximity to crisis areas will significantly enhance our crisis response capability and, hopefully, deter further escalation to war. Initiation of war does not, however, diminish the strategic significance of our ports. In war, naval forces still require a base structure to sustain naval operations. There is a synergistic balance between our sustainable forward deployed forces and our forces ready to deploy from home bases.

IMPROVING TRAINING

Senator THURMOND. Some people feel that dispersing the fleet will greatly complicate training and make it more expensive by dispersing personnel away from fleet centers which have many important training facilities.

What is your estimate at these dispersed locations?

ANSWER. The additional expense of dispersing personnel away from Fleet Training Centers (FTC) is expected to be minimal. There will be some cost associated with including classrooms and on-the-job training shops in the new facilities at the new homeports which has been included in the Navy's cost estimates. The annual cost of sending personnel from the new homeports back to the FTC for occasional special training will be low. Prior to assignment to a shipboard tour of duty, an enlisted person usually attends intermediate or advance level schools operated by the Education and Training Command. Training at a Fleet Training Center (FTC) is also included for knowledge and experience in damage control and fire fighting. After this training the sailor is ready for duty on-board a ship at its homeport. Coordinated drills are performed on the ship and extensive on-the-job training is provided both at pierside and underway. Only under special circumstances will a sailor return to FTC for additional training during a tour of duty with a ship. The cost of sending a few individuals back to Newport or Norfolk for additional training from their homeport in New York is expected to be minimal. Since this special training is determined on a case by case basis by the ships training officer, it is impossible to predict exact numbers. Also, in a recent decision by the CNO, the Chief of Naval Personnel has announced a policy of conducting more extensive shipboard training and less shoreside classroom training.

Senator THURMOND. How much less cost would this be if we trained from our existing ports?

ANSWER. There would be cost avoidance related to construction of some classrooms and on-the-job training shops in the new facilities. This is a very small percentage of the overall costs for piers, barracks, utilities and other facilities related to strategic homeporting. The cost of sending personnel from the new homeports to training facilities at existing Naval activities will be minimal. A sailor learns the skills necessary to make a specific rating during schooling in the Training Command prior to assignment to a ship at its homeport. Additional training is provided primarily on-board ship at the homeport or underway. A few training programs will be conducted at the homeport in various classrooms provided as part of larger facilities (for example, on-the-job training shops in the Shore Intermediate Maintenance Activity).

Senator THURMOND. My understanding is that we prefer to train in the South Atlantic over the North Atlantic, since it allows more productive use of our assets. Please explain.

ANSWER. The Atlantic Fleet operates the Atlantic Fleet Weapons Training Facility (AFWTF) Roosevelt Roads, Puerto Rico. AFWTF consists of two very large open ocean ranges and several small special purpose ranges. The large ranges are instrumented for use of remotely piloted drone targets which simulate enemy missiles and aircraft. Many ships and other Fleet units can exercise on these ranges simultaneously for realistic training. Headquarters, range support facilities, airfield and

port facilities are located at Naval Station Roosevelt Roads. Fleet combatant ships are required to go to AFWTF about every 18 months for weapons qualifications. In addition, regular large-scale Naval exercises are scheduled on the ranges annually.

Naval Station Guantanamo Bay, Cuba is the site of a Fleet Training Group (FTG) which provides shakedown and refresher training for ships coming out of construction overhaul or availability. Its also provides refresher training. Ships go to the Guantanamo area about once every two-three years. The advantages to going to Guantanamo Bay are: there is good weather and open ocean areas; the Naval Station provides port facilities and intermediate maintenance (IMA) capabilities; and the instructors at the FTG provide classroom training and extensive on-board at-sea drills and instruction. However, in a recent change of philosophy, fleet training group instructors in a pilot program, are now being sent to the ship's homeport location to conduct this training.

It is because the FTG and AFWTF are located in the Caribbean Sea that it appears that training in the South Atlantic is preferred to training in the North Atlantic. However, ship visits to these facilities are infrequent compared with operations in designated training areas off the East Coast, the North Atlantic and the Mediterranean. In addition to training at FTG and AFWTF, considerable training is performed at pierside and at sea in the vicinity of the ships' homeports. Pierside training is most desirable because it saves fuel, sailors generally prefer to be in port, and ship maintenance support is available from the Shore IMA. New ships have a capability to attach to pierside vans which provide training through simulation. Most underway training requirements can be accomplished during short at-sea periods, without long transit to the dedicated ranges.

In summary, while Fleet ships utilize the AFWTF ranges for large scale exercises and weapons qualifications and FTG Guantanamo for refresher and shakedown training, most of the ships' training requirements can be performed in port or in the vicinity of their homeports on the East Coast and in the North Atlantic.

MOVING FLEET ELEMENTS CLOSER TO OPERATING AREAS

Senator THURMOND. Obviously whether or not the threat is closer to an operating area depends on where the contingency occurs. But even if we set that aspect aside, is it correct that battlegroups deploy as task forces and must wait until all elements assemble? In that case, is it correct to say that fleet responsiveness is determined not by the ships based closest to the operating areas, but by those based furthest away?

ANSWER. Battlegroups will be employed either independently or integrated dependent upon the level of potential enemy threat, availability of land or air based support, and other factors. A review of the New Jersey BB SAG deployment schedule since it was recommissioned in 1983 reveals that it has always deployed independently. A review of the Iowa BB SAG schedule since it was recommissioned in 1984 reveals that it has participated in 9 major evolutions and operated independently in 8 of the 9.

Within a specific battlegroup it is correct to say that fleet responsiveness is determined by the ships of the battlegroup homeported furthest away. That's the reason our Strategic Homeporting Concept attempts to collocate ships of the battlegroup in the same geographic location.

Senator THURMOND. Discuss the value of locating ships in the Gulf Coast?

ANSWER. Homeporting a BB SAG and a CVBG in the Gulf, currently void of any naval presence except for 6 PHMs at Key West, will better disperse our forces; improve utilization of the tremendous industrial capacity of the region; use the geography to broaden Navy operating experience; support critical sea lanes of communication through which pass 60 percent of NATO resupply of fuel, ammo, and equipment, 55 percent of our crude oil imports and 45 percent of all U.S. foreign trade; and reduces transit times to areas of potential crises.

Senator THURMOND. Using your earlier argument of positioning ships closer to operating areas, why have we not deployed ships in the Pacific Fleet from San Francisco and Long Beach to Pearl Harbor instead? If cost is considered, how much more would it have cost?

ANSWER. While homeporting in Pearl Harbor reduces transit times to the South Pacific, it is further away from operating areas and possible contingency areas in the Northern Pacific Flank, Aleutian Theater, Gulf of Alaska and Valdez oil routes. Further, in addition to already having the Midway Carrier Battlegroup forward deployed in the Western Pacific, there are other factors besides transit times, such as the location of logistic support bases, amphibious forces, air wings, underway replen-

ishment vessels, etc. which support homeporting in San Francisco and Long Beach as well as our dispersal objective.

PRESERVES NECESSARY INDUSTRIAL BASE

Senator THURMOND. How would ship dispersal improve the industrial base?

ANSWER. Geographic distribution of the Fleet will broaden and exercise the ship repair industrial base to ensure the surge capability needed to support mobilization. This mainly concerns the overhaul and repair base, not new ship construction activity. For example, on the Gulf Coast during 1985 only two private yards were doing Navy overhaul work, while six or more are capable of doing such work.

Senator THURMOND. Describe for the Committee the current status of the shipbuilding and repair industry?

ANSWER. Within the private sector, there are 19 shipyards currently building or converting ships for the United States Navy. The program is doing well and the Navy's business relationships with shipbuilders continues to be healthy. We anticipate a five year shipbuilding program of 106 new ships and 20 conversions or reactivations FY 1987 through FY 1991. In 1985 Navy had new construction and overhaul work performed in 54 different shipyards on Atlantic, Pacific and Gulf Coasts. Total employment in these yards was 110,000, of which only 11,100 was being applied to non-Navy work. In other words, 90 percent of employment in the majority of the private shipyards nationwide is directed towards Navy contracts.

Senator THURMOND. Would you say they have more capacity than work available?

ANSWER. The capacity and capabililty of the industry are more than adequate to execute the Navy's new construction program and a substantial share of its overhaul and repair program. As a matter of fact, commercial yards have proposed the percentage of Navy overhaul and repair reserved for the private sector be increased to 40 percent or 50 percent. In 1985, about 36 percent of our overhaul and repair business was performed in private shipyards.

Senator THURMOND. Since dispersing the Navy workload to more overhaul facilities does not increase the workload, how does your plan improve the industrial base? Please explain.

ANSWER. It should be noted that the overhaul and repair workload is increasing as the Fleet builds up to 600 ships, and as the technology inherent to a modern force becomes more complex. When dispersal occurs simultaneous with this build-up, opportunity for work becomes available in the new geographical areas and the industrial base there is exercised. Effects are involvement of a broader segment of the private sector with Navy work in peacetime, and increased competition.

OPERATIONS AND SUPPORT COST EVERETT, WA

Senator THURMOND. This committee has been evaluating the Department's base closure proposals. The reduced operations and support cost associated with closure have always represented a significant savings.

What training facilities are planned for Everett, Washington?

ANSWER. There are no exclusive training facilities included in the $272 million program for Everett. There are some training spaces already included in the designs of the facilities at Everett. Specifically, there are areas designed for training in the SIMA building, the Port Services/Public Works Facility and the Fleet Support Facility, to name just three.

Senator THURMOND. Given the current training tempo associated with the type of personnel to be assigned at Everett, what is the annual cost of training including per diem and travel costs?

ANSWER. The cost of training for personnel assigned to Everett would be no more or less than the cost of training if these personnel were assigned to existing ports. This is because all personnel, both officer and enlisted, complete their basic training for their expected skills before being assigned to a ship. Once assigned to a ship, they perfect their individual skills through on-the-job training. The major training that takes place in homeport, and this can be any homeport, is team training to make the ship a cohesive fighting unit. This is accomplished either alongside a pier with all systems activated or underway either individually or as a part of a battle group. There will be some training away from homeport that is not associated with other travel or change of duty station, but it is a cost that is borne by any ship that is not stationed at the particular facility, and it is impossible to quantify.

Senator THURMOND. What is your estimate of the 25 year total savings in operations and support cost if we locate the carrier battegroup planned at Everett, Washington in an existing port? Explain the elements in detail.

ANSWER. The Navy has submitted a report entitled "Study of Annual Operations and Maintenance/Other Procurement Costs at Alternate Sites." This is a detailed analysis of the projected operations and maintenance and procurement costs associated with the Staten Island site and similar costs for locating the carrier battle group at existing Navy ports on the West Coast (San Diego, Long Beach, and San Francisco).

The following annualized costs (in fiscal year 1993 dollars) were included in the report:

	Thousands
Everett	$15,119
San Diego	8,415
Long Beach	9,532
San Francisco	14,779

MILITARY CONSTRUCTION COST—EVERETT, WA

Senator THURMOND. According to your report, you have stated that the cost of facilities will be $272 million.

What type and number of ships will be ported at Everett for IOC? Where are these ships ported now?

ANSWER. The ships to be homeported at Everett at the IOC of December 1988 include the nuclear aircraft carrier, Nimitz; two guided missile destroyers; and two destroyers. The Nimitz is currently in the Atlantic Fleet while the escorts are in existing homeports which will undergo ship mix adjustments.

Senator THURMOND. What type and number of ships will follow IOC? When will they arrive? Where are these ships ported now?

ANSWER. The second increment of ships scheduled to arrive at Everett in December 1990 includes two nuclear cruisers, two guided missile frigates and two Naval Reserve guided missile frigates. All these escorts are currently on line in existing homeports which will undergo ship mix adjustments. It should be emphasized that the Navy's $272 Million funding profile will provide suitable facilities for all eleven ships and associated personnel.

Senator THURMOND. Why have you characterized the basic base structure as austere? What facilities are included?

ANSWER. The basic base structure is classified as austere because it does not provide all the facilities identified for full scale development under the Master Plan. It does, however, provide all facilities necessary for IOC for full operational capabilities. The facilities included in the basic level will bring the base to a full capability by about 1992. There are other projects that were included in the original master plan, but these were eliminated for affordability reasons because they were "nice-to-have" not "need-to-have". Facilities included in the basic base structure include: Land acquisition, utilities and site improvements, pier and bulkhead construction, dredging, ship maintenance facilities, base security facilities, personnel support facilities.

Senator THURMOND. What future construction is planned and how much will it cost?

ANSWER. Future construction beyond fiscal year 1987 programmed for Everett includes a wharf, dredging, SIMA, land acquisition, security facilities, barracks, fuel facilities, utilities, administrative facilities, public works facilities and physical fitness/personnel facilities. These are estimated to cost $159 million bringing the basic base structure total cost to $272 million.

Senator THURMOND. What are the community impacts anticipated and what are the costs?

ANSWER. The only currently identified community impact for which DOD funding will be sought is for access roads. These off-base road improvements are estimated to cost $16 million with $10 million required in fiscal year 1988 and $6 million in fiscal year 1989.

Senator THURMOND. Explain your dedging requirements associated with the development of the port?

What is the nature of the material you are dredging?

What is your cost estimate for the dredging?

What does the work involve?

What is the status of the Section 404 dredging permit?

ANSWER. Although Everett is very close to the deep waters of Puget Sound, some dredging must be accomplished in the vicinity of the proposed pier and wharf to provide an adequate depth for the carrier and her escorts. Total dredging will amount to 3.5 million cubic yards with 0.8 million cubic yards of the total being

dirty dredge or contaminated material. Total estimated cost for dredging is $32.4 million. The work includes removal of the contaminated material and disposal of it in a deep portion of Puget Sound, then capping it with clean material. The Corps of Engineers dredging permit is scheduled to be issued by December 15, 1986.

Senator THURMOND. What is the status of your Environmental Impact Statement? Please explain.

ANSWER. The Navy filed a Final Environmental Impact Statement of June 21, 1985. However, the Corps of Engineers (COE) determined that a Supplemental Environmental Impact Statement (SEIS) would be required to address disposal issues before issuing a dredging permit. The SEIS is under preparation by the COE with the assistance of the Navy. The draft SEIS is scheduled for filing on July 14, 1986 with public hearings scheduled for August 8, 1986. The final SEIS is scheduled for filing on October 14, 1986 followed by a record of decision by the Army Corps of Engineers in late November 1986.

Senator THURMOND. What are the anticipated nonappropriated fund requirements?

ANSWER. No nonappropriated funds are required before IOC because of the existing base infrastructure at NS Seattle (Sand Point).

OPERATIONS AND SUPPORT COST—STATEN ISLAND, NY

Senator THURMOND. This committee has been evaluating the Department's base closure proposals. The reduced operations and support cost associated with closure have always represented a significant savings.

What training facilities are planned for Staten Island, New York?

ANSWER. Most training in-port at Staten Island will be ship-board, on-the-job training. However, there will be some training done there in shoreside facilities. The Shore Intermediate Maintenance Activity (SIMA) will have classrooms for training related to improving sailors: skills in electrical, mechanical and other maintenance ratings. There are 24,000 square feet of training space existing in the Armed Forces Reserve Center located at Fort Wadsworth. In addition the nearby Floyd Bennett Field Reserve Center has 8,500 square feet of training space. Pierside trainer "vans" which connect to the ships can be used to train crews on-board the ship through realistic simulation. The Community Services Building and the Headquarters Building planned for construction will contain some conference/ciassroom spaces.

Senator THURMOND. Given the current training tempo associated with the type of personnel to be assigned at Staten Island, what is the annual cost of training including per diem and travel costs?

ANSWER. Prior to assignment to a shipboard tour of duty, an enlisted person usually attends intermediate or advance level schools operated by the Education and Training Command. Training at a Fleet Training Center (FTC) is also included for knowledge and experience in damage control and fire fighting. After this training the sailor is ready for duty on-board a ship at its homeport. Coordinated drills are performed on the ship and extensive on-the-job training is provided both at pierside and underway. Only under special circumstances will a sailor return to FTC for additional training during a tour of duty with a ship. The cost of sending a few individuals back to Newport, Philadelphia or Norfolk for additional training from their homeport in New York is expected to be minimal. Since this special training is determined on a case by case basis by the ship's training officer it is impossible to predict exact numbers.

MILITARY CONSTRUCTION COST—NEW YORK (STATEN ISLAND)

Senator THURMOND. According to your report on the military necessity and cost effectiveness, you have stated the basic cost for the facilities will be $188 million.

What type and number of ships are involved?

ANSWER. Ships involved in New York homeporting:

		Length	Width (ft)	Draft
1 Battleship (#61 Iowa)	BB	888	109	38
1 Guided Missile Cruiser	CG	567	55	31
1 Destroyer	DD	564	55	29
2 Guided Missile Destroyers	DDG	563	55	30
2 Frigates (Reserves)	FF	438	47	25
7 Total ships				

Senator THURMOND. Where are these ships currently ported?

ANSWER. The battleship (BB) is now based in Norfolk, VA, where it arrived in late 1984. Some of the escorts (CG, DDG) will be from new construction. Others are already on line in existing homeports which will undergo ship mix adjustments.

Senator THURMOND. You have called this basing plan austere. What do you mean?

ANSWER. Austere is a relative term. Our plan is not considered to be austere. It provides all basic facilities required for all ships and personnel to be assigned and takes advantage of existing DoD real estate and facilities at Fort Wadsworth.

We will use a compact berthing plan and designate the bulkhead for smaller ships. Also, a compact master plan at the waterfront will minimize utility distribution. We will use the local economy for water, electricity, gas, etc.

Program calls for basic facilities to obtain full operational capability with enhanced level, desirable but not required, facilities to compete over future programs—Navy wide.

We use non-appropriated funds where Congress' guidance dictates.

Senator THURMOND. What facilities are included in the basic cost?

ANSWER. Facilities included in the basic cost:

[Dollars in thousands]

Project	
FY 1986:	
Sitework (I)	$3,920
Pier and bulkhead	39,700
Utilities (I)	14,600
Land acquisition	2,940
Total fiscal year 1986	61,160
1986: Pier and bulkhead	[1] (3,300)
Non add: Dredging	[1] (11,700)
1987:	
BB support complex	62,200
BEQ/BOQ	.....
MESS	.....
SIMA	.....
Supply (I)	.....
Utility and site	.....
1988:	
Public works (I)	6,000
Community services center	15,500
Utilities and site work II	21,400
Land acquisition	4,000
Supply (II)	3,000
Total fiscal year 1988	49,900
1989:	
BEQ (II)	5,100
Utilities and sitework III	9,640
Total fiscal year 1989	14,740
Grand total basic	188,000

[1] Pennsylvania, New York, New Jersey.

Senator THURMOND. What future construction do you anticipate and how much will it cost?

ANSWER. Future projects beyond fiscal year 1987 programmed for New York (Staten Island) include public works facilities, community services facilities, utilities and barracks. These are estimated to cost $63 million bringing the basic base structure total cost to $188 million.

Senator THURMOND. How do you intend to provide military family housing?

ANSWER. We intend to rely on the private sector for a portion of the units. Also, will pursue leasing options and military construction for the balance.

Senator THURMOND. How many family housing units will be required?

ANSWER. The total requirement could reach 1,700 units.

Senator THURMOND. What are the construction and leasing costs associated with family housing?

ANSWER. Acquire 200 units under the fiscal year 1986 section 801 Lease Construction Program.

Acquire 300 units (Fort Wadsworth) in fiscal year 1987 military construction, $28.3 million.

Acquire 250 units (Fort Wadsworth) in fiscal year 1988 military construction, $25.8 million.

Then, examine our alternatives to determine the most cost effective means of obtaining any other units we may need.

Majority of family housing requirement is for junior enlisted housing.

Senator THURMOND. What are the anticipated non-appropriated fund requirements?

ANSWER. Our basic program includes $8.5 Million in non-appropriated funded projects.

MILITARY CONSTRUCTION COST—WEST COAST (SAN FRANCISCO, LONG BEACH, PEARL HARBOR)

Senator THURMOND. What type and number of ships are involved?

ANSWER. The second West Coast surface action group will be comprised of the Battleship Missouri and a cruiser stationed at NS/Treasure Island, four reserve frigates and two reserve mine ships at Hunters Point, four frigates at Long Beach, and one cruiser and three destroyers at Pearl Harbor.

Senator THURMOND. Where are they currently homeported?

ANSWER. The Battleship Missouri is currently undergoing reactivation. Some of the escorts will come from new construction while others are already on line in existing homeports which will undergo ship mix adjustments.

Senator THURMOND. What facilities are included in your basic cost?

ANSWER. Facilities to be included for homeporting the Battleship Surface Action Group include waterfront facilities, maintenance facilities and personnel support facilities. The total cost of these facilities is expected to be $85 million with $62 million from military construction funds and $23 million from repair funds.

Senator THURMOND. What follow-on facilities are expected?

ANSWER. Since the proposed homeports all have an existing base infrastructure, all known requirements are included in the $85 million.

Senator THURMOND. How much will they cost?

ANSWER. No additional cost above the $85 million is currently anticipated.

Senator THURMOND. How many family housing units are needed?

ANSWER. There is no new requirement for military construction funding for family housing as a result of this homeporting. Navy will rely on the proposals made by the three cities involved to provide the family housing.

Senator THURMOND. What are the anticipated construction and leasing costs associated with family housing?

ANSWER. There are no anticipated construction or leasing costs associated with family housing.

Senator THURMOND. What community impacts are anticipated?

ANSWER. Navy anticipates that only a small amount of planning money will be involved. Other costs will be borne by the communities involved.

Senator THURMOND. How much will they cost?

ANSWER. None is expected.

Senator THURMOND. What are the anticipated nonappropriated fund reuirements?

ANSWER. Since this homeporting involves an existing base infrastructure, none is anticipated.

Senator THURMOND. What amount of design is your cost estimated based on?

ANSWER. Estimates at this stage are planning estimates. Designs are just beginning for the projects to be programmed in fiscal year 1988.

Senator THURMOND. What is the nature and amount of the local contribution?

ANSWER. San Francisco:

Provide $5 million of initial dredging;

Provide up to $1 million of maintenance dredging for 20 years;

Develop, operate and maintain 1000-1500 family housing units at Hunters Point—Rental to Navy families will be at an agreed upon rate;

Assist in provision of adequate transportation to housing area at Hunters Point;

State funding of I-280 ramps at Hunters Point;

Seek private operator for ferry service between Treasure Island and Oakland/Alameda;

Provide bus service to housing units at Hunters Point;

If required, reopen schools to support Hunters Point Housing.

Long Beach:

Upgrade street access to NS/NSY;

Provide affordable housing as necessary through third party financing.

Pearl Harbor:

500-1000 units of adequate affordable housing through third party financing;

Third Party financing of emergency power plant.

Senator THURMOND. What is the status of these commitments?

ANSWER. For San Francisco, a Memorandum of Agreement (MOA) is being developed and is expected to be signed in late CY 1986. For Long Beach and Pearl Harbor, Navy will work with local authorties to develop MOA's.

MILITARY CONSTRUCTION COST—GULF COAST

Senator THURMOND. Explain the number, type and distribution of ships in the Gulf?

ANSWER. A total of 27 ships will be homeported in the Gulf:

	Type
Key West, FL:	
1 ARL	Landing craft repair ship.
1 ARS	Salvage ship.
Pensacola, FL:	
1 CV	Attack aircraft carrier.
1 COOP (R)	Craft of opportunity.
Mobile, AL:	
2 DDG	Guided missile destroyer.
2 FEG-7	Guided missile frigate.
1 MSH (R)	Mine warfare vessel.
Pascagoula, MS:	
2 CG-47	Guided missile cruiser.
2 DDG-51	Guided missile destroyer.
Gulfport, MS:	
1 COOP (R)	Craft of opportunity.
Lake Charles, LA:	
1 AO (R)	Fleet oiler.
2 COOP (R)	Craft of opportunity.
Galveston, TX:	
2 FFG-7 (R)	Guided missile frigate.
2 MSH (R)	Minesweeper hunter.
1 COOP (R)	Craft of opportunity.
Corpus Christa, TX:	
1 BB	Battleship.
1 CVT	Training aircraft carrier.
1 CG-47	Guided missile cruiser.
1 DDG-51	Guided missile destroyer.
1 COOP (R)	Craft of opportunity.

Total gulf coast: 27 ships

Note: (R)=Reserve.

A Carrier Battle Group will be centered around Pensacola, Mobile, and Pascagoula.

A Surface Action Group will be centered around Corpus Christi and Galveston.

Senator THURMOND. Where is the current location of these ships?

ANSWER. Locations are as follows:

CV—Programmed for SLEP after which it will be homeported in Pensacola.

CVT—Now in Pensacola; going to Corpus Christi.

BB—Being Reactivated.
Some escorts from new construction.
Some already on line in existing homeports which will undergo ship mix adjustments.

Senator THURMOND. What community impacts are anticipated and what are the costs?

ANSWER. We anticipate a need for only a small amount of planning funds.

Senator THURMOND. What is the nature and amount of the local contribution?

ANSWER. Local contributions expected as follows:

Location	Millions	Nature
Key West, FL		None required.
Pensacola, FL	$12.0	Dredging (partial).
	.5	Environmental documentation.
Mobile, AL	30.0	Berthing pier.
	10.0	Value of land (100 AC).
Pascagoula, MS	25.0	Berthing pier, bulkhead, utilities.
	7.0	Value of land (100 AC).
	13.0	Causeway construction.
Gulfport, MS		None required.
Lake Charles, LA	5.0	Berthing wharf (partial), utilities.
	.7	Value of land (30 AC).
Galveston, TX	8.0	Berthing pier (partial).
Corpus Christi, TX	50.0	Berthing pier, dredging, land.

Senator THURMOND. What is the status of these commitments?

ANSWER. The status varies from legislative enactments to written commitments, all of which are being coordinated at this time with local jurisdictions to finalize in Memoranda of Agreements.

Senator THURMOND. What amount of design is your cost estimate based on?

ANSWER. Today's estimates are based on master planning work done by the Navy's consultant. Actual design is just beginning at this time for fiscal year 1988 programming, with 35 percent design to be in-hand 30 November 1986.

Senator THURMOND. Now we will move on to our next witness.

Senator GRAMM. Mr. Chairman.

Senator THURMOND. Do you have any questions or does Senator Denton have any questions?

Senator GRAMM. I would defer to Senator Denton, but I do have one question.

Senator THURMOND. Senator Denton, do you have any questions?

Senator DENTON. Yes, sir. I do have a couple that I would like to ask.

I would like to preface this, Mr. Chairman, with something I mentioned to you earlier. If we go entirely on whether cost is more at this home port or at that home port, it would be, of course, absurd. Calvin Coolidge said it would be very simple to buy one airplane for the Army Air Corps and just to let the pilots take turns flying it. Well, that may have been the cheapest way to do it, but it would not have provided for our common defense.

I think that element is important here and the total cost concept is important.

For example, I have not heard anybody talk about the whole cost being paid off in GAO terms or Navy terms if a couple of ships were not lost that would have been lost if we had not dispersed.

What are the savings on fuel to be effected because we are going to be closer to operating areas?

What will be the effect of improved quality of living on retention and the economic advantages accruing to that?

Any remarks you have in that direction would be appreciated.

There is also this specific question, Mr. Arny: Do you believe that strategic homeporting will improve or degrade the quality of life for our naval personnel and their families?

Admiral Hayward is the only dissenting CNO of the past four in that he mentioned that aspect as something that would be a disadvantage. I do not believe that, and as much as I admire him, I disagree that there is going to be a quality of life disadvantage from the homeporting.

Do you believe that the quality of life would improve or degrade with strategic homeporting?

Mr. ARNY. Sir, I believe that the quality of life will improve—not only the quality of life for the family, but probably equally important and often overlooked is the quality of life in the working place of the sailors. If we dump these ships into the existing home ports, we are talking about triple nesting, we are talking about anchoring out, where you have to maintain the engineering spaces as if they were underway. You are talking about boating back and forth to the ships, the very circumstances that we went through when the fleet was large in the 1960's.

I have the distinct advantage that I am not sure Admiral Hayward has had in the past few years of having visited every potential home port site at least once, and in some cases more than once. I must admit that at some of the locations, my initial impressions from the paperwork I had seen, changed dramatically. I believe that the quality of life question is such that there will be a definite improvement—again, not only in the way we operate, but the way our families live.

I was stationed in San Diego and Norfolk, and I have been back to both of those locations. They have experienced tremendous growth, over and above what the fleet is. As I said earlier, I am wrestling with the existing family housing problems we have in all those locations.

So the short answer is I think the new homeports will improve quality of life considerations.

Senator DENTON. Thank you, Mr. Chairman.

I do want to say for the record that Admiral Moorer, Admiral Zumwalt, Admiral Holloway, and Admiral Sylvester Foley, who had an operating job, really, rather than a political job—all were in favor of homeporting.

Mr. Arny, last, if you had to defeat your own plan, what would be your major question or criticism of it? What is your view of the GAO study from having looked at it?

I think the chairman had indicated that he would give you fellows a chance to refute what they say. I hope that happens so it is not left as the last word.

Mr. ARNY. Yes, sir.

Probably the greatest critique of our own plan is that we are not as far along in the planning as we would like to be. We are working very hard. In a number of locations, we are even seeking ways to further lower the cost. In Everett, for instance, some of our initial highway estimates were off. We are working very closely with the communities in every location to try to get the Navy costs down.

As far as the GAO study is concerned, obviously we have a major difference of opinion with the GAO on this particular study. There are some studies that they have done with which we agree entirely—one specifically on our nuclear safety record fleet-wide.

We feel, in general, that they have greatly overestimated the costs of strategic homeporting, and underestimated the costs of putting ships in existing home ports.

For instance, in Staten Island, our initial plan, we went to an architect and engineering firm and they provided us with a plan that included two piers.

We looked at all these plans and reduced them down to what we believe is the least costly alternative that will do the job. That is the key phrase.

In Staten Island our initial plan had two piers; we now have one longer pier because it is cheaper to build one than it is two.

We were criticized because we would have to double berth.

On the other hand, GAO proposed putting ships in existing home ports with no costs for dredging, no costs for housing in areas that are short of housing, and no costs for a lot of other things. Indeed, they even triple nested.

That is what we are trying to avoid in every port we go to, because the third ship out really suffers when it comes to maintenance and operations.

Senator DENTON. I may have heard you wrong, but you meant to say they overestimate the cost of strategic homeporting and they underestimate the cost of spreading out where you are, within the existing ports.

Mr. ARNY. Let me go back again.

We feel they took our estimate for strategic homeporting and they put too many things into it—things that we had before but that we have taken out. That we can operate without. There are a lot of things that we would like to have, but that we don't need to have.

In the case of their alternative, putting them into existing home ports, they only included the price of a couple of piers that we had in the budget for those ports anyway. We are making continual upgrades to all our ports.

Senator DENTON. Mr. Chairman, I want to thank you for holding this hearing because it has cleared matters up. To let the Navy present their point of view on this has been helpful. It has been comprehensive and I believe it has tended to clear up a lot of doubts that many of us had, particularly the chairman of the overall committee.

I want to thank you very much for this opportunity.

Senator THURMOND. Yes, sir.

Would you like to ask another question, Admiral Denton?

Senator DENTON. No.

I am going to defer, knowing that you want to finish up and that we still have a long way to go.

I will defer to Senator Gramm.

Senator THURMOND. I want to commend you, Senator Denton, for the great job you have done on this matter. I don't know of any finer, truer patriot in this Nation than you. You always contribute greatly to the work of this committee.

Senator DENTON. Thank you, Mr. Chairman.

Senator THURMOND. Senator Gramm.

Senator GRAMM. Mr. Chairman, I have had plenty of opportunity to ask questions. Admiral Denton asked the question I was going to ask, which was their response to the GAO study.

I want to thank you for holding this meeting.

I want to thank the Navy, too. I think you all did an excellent job today in presenting a lot of information in a form we could understand.

I appreciate that.

Mr. ARNY. Thank you, sir.

Senator THURMOND. Thank you, Senator Gramm.

You have contributed greatly to this committee's work, too, and I want to commend you highly.

I would like to ask the Navy to answer any questions that may be proposed by any member of the committee and to get the responses to us by Thursday of next week. We have a markup scheduled for the following Monday.

Mr. ARNY. Yes, sir.

Senator THURMOND. Is there anything else that you would like to say?

Senator Denton was asking about the quality of life. I want to ask you a simple question.

What is the most important reason that you advocate homeporting? Is it because it would improve the national defense or is it because you want to disperse these ships throughout the Nation from the standpoint of terrorism or from the standpoint of attack by the enemy? Just what is your main reason for espousing this program?

Admiral HUGHES. Mr. Chairman, if I may, sir, I would appreciate the opportunity to answer this.

We have been developing this, along with our maritime strategy, for about 4 or 5 years now. The Congress has chastised the administration from way back, when President Reagan first came in, for not having a written strategy, and the Navy has contributed its maritime strategy to that pot in keeping with national strategy and the national intelligence estimates.

Part of that has been strategic homeporting.

So, our first concern is strategic. But our second concern, clearly, is to watch out for the quality of life of our people.

I would like to give you just one statistic, Mr. Chairman.

To me, the most important item in quality of life is being wanted.

I wish I had taken a picture of a 2-week period when we were looking at possible homeporting in the gulf coast, when I had something like 17,000 pieces of mail, cards of letters, asking the Navy to come to the gulf coast, that they were wanted. There were two—T-W-O—dissenting votes among 17,000 pieces of mail.

To me, that is the greatest impact on quality of life that our sailors will see in the end.

Mr. ARNY. And we got much the same reaction from the Northeast—I was just up in New York on Monday—and the same from the Northwest, a tremendous outpouring.

To answer your question, the principal reason is to support the national strategy with our maritime strategy. It is an integral part, we feel, of the maritime strategy.

Senator THURMOND. And this is not just an overnight matter that you have come up with? It is something that you have been working on for years, as I understand it?

Mr. ARNY. Yes, sir. Various people have.

Senator THURMOND. It's just that after making the years of study, you have come to conclude that it should be done and now you are advocating it—is that right?

Mr. ARNY. Yes, sir. Admiral Watkins gets less headlines than a certain Secretary of one of the services that I know, but I think he would take umbrage at the fact that it is strictly political. He was CINCPACFLT before this administration. It is the kind of ideas that he was pushing then. He has more years in command than I have on active duty. It is those kinds of people who are pushing this idea toward fruition.

Senator THURMOND. Without objection, we are going to place statements by these people in the record.

Admiral Hayward is opposed, as I understand it, to this project, and, without objection, his statement will go into the record. Admiral Holloway, Admiral Foley, and Admiral Zumwalt are for it, and without objection, we will place their statements into the record.

[The prepared statements follow:]

THOMAS B. HAYWARD ASSOCIATES, INC.,
February 4, 1986.

Hon. STROM THURMOND,
U.S. Senator, Chairman, Subcommittee on Military Construction, Committee on Armed Services, Washington, DC.

DEAR SENATOR THURMOND: Thank you for your letter of January 21, 1986 in which you seek my views on the current homeporting initiative that has been undertaken by the United States Navy.

I am most pleased that the Armed Services Committee is looking carefully at this extensive homeporting initiative to determine its overall viability at a time of significant fiscal constraint on the defense budget.

It is not difficult to understand why the Navy believes a strategic homeporting program makes sense. Wide dispersal of the fleet around the nation obviously provides a certain modicum of decreased vulnerability. However, there surely are many reasons to question the concept these days. With your usual perception, you have focused accurately on the substantive issues related to (1) ships' vulnerability, (2) battle group integrity, (3) proximity to operating areas, (4) base overcrowding and (5) exploiting the industrial base. I would add one other: effect on personnel. I refer specifically to the numerous deterimental aspects which such wide dispersal to new bases will have on most military personnel, especially the career oriented family Navy person.

I am assuming that your Committee is examining the important, if not critical, issue of the added dollar costs, costs which are not trivial in any era—certainly not the present.

Thank you for informing me of the investigation plans of the Senate Armed Services Subcommittee under your leadership. I wish you well in this important work.

With high regard,

THOMAS B. HAYWARD.

COUNCIL OF AMERICAN-FLAG SHIP OPERATORS,
Washington, DC, March 13, 1986.

Hon. STROM THURMOND,
Chairman, Subcommittee on Military Construction, Committee on Armed Services, U.S. Senate, Washington, DC.

DEAR SENATOR THURMOND, This is in reply to your recent letter asking me to comment on the Navy's announced policy to begin basing its ships in accordance with the concept of strategic homeporting.

I will say at the outset that I very strongly support the concept of strategic homeporting and consider that the Navy's plans to implement this philosophy are both imaginative and pragmatic. My exposure to this concept is not new. It was being discussed in the Pentagon in 1958 when I reported to the Office of the Chief of Naval Operations for my first Washington tour of duty. At that time it had the full endorsement of the Navy's far-sighted and strategic thinkers. However, the heavy involvement of the fleet in a series of worldwide crises in the late 50's and early 60's (the landings of Marines in Lebanon, the confrontation with the Chinese communists in the Taiwan Straits, the Cuban missile crisis, the injection of forces into the Dominican Republic, the Suez affair, and the Laotian prelude to the conflict in Vietnam) preoccupied the Navy's efforts and pushed long term strategic initiatives into the background. From 1964 until the end of the decade, the war in Vietnam continued to preempt our efforts in the long range planning area, and as we disengaged from Southeast Asia, the Navy, along with the rest of the Defense establishment found itself confronted with a new set of strategic issues.

While we had been preoccupied in Vietnam, the Soviets had accomplished giant steps in the improvement of their military capability that threatened to overtake us in the areas of naval forces and strategic nuclear arms. In the early 60's, the Soviet navy had been little more than a high grade Coast Guard, designed mainly to protect the flanks of their massive land armies. Ten years later, when we were able to turn our attention to threats other than Vietnam, we found ourselves challenged by a Soviet blue water navy capable of extending the Soviet military influence into areas remote from the Russian homeland, concerns were being expressed by the leadership of the U.S. Navy that our position of maritime superiority was in jeopardy.

Since that time, the presence of first line Soviet naval units in waters off our own coast has become routine. Soviet nuclear powered submarines regularly patrol off our coast; Soviet task forces conduct operation in the Gulf of Mexico and pay port calls to Cuba; Soviet naval reconnaissance aircraft fly the length of our East Coast to refuel in the Caribbean and retrace their track to Soviet North Fleet bases. The capability of all Soviet maritime forces to deploy to the vicinity of our own Continental naval bases has been repeatedly and graphically demonstrated.

The most serious Soviet naval threat however comes from their submarines, especially their nuclear powered types and those equipped with anti-ship cruise missiles. We must give the Soviet navy a very substantial capability to deploy their submarine force to patrols off the coasts of the United States. Unless we disperse our fleet among more than just one or two major fleet base locations, we give real assistance to the Soviet submarine force, by inviting them to concentrate in the vicinity of one or two of our ports on each coast, to trail our ships deploying to operating areas in time of crisis, and to interdict our forces in time of war.

We as a nation have clearly and positively established the requirement for a 600 ship Navy as an essential component of our national strategy of a forward based collective strategy. Unless we take pains to base this 600 ship Navy in a prudent system that takes advantage of the unique geography and special industrial capabilities of the United States, we could fall far short of realizing the full potential of our fleet. It is essential that we capitalize on our investment in our new Navy—the most capable and ready in our history—by a strategic basing system that reduces its vulnerability in the event of a conflict with the Soviets, improves its responsiveness by stationing forces in locations with immediate access to critical operating areas, and enhances the readiness of the fleet by basing units in their organizational operating structure.

There is an additional benefit that I will not attempt to discuss in detail, because your Committee is especially well aware of its ramifications. There has been considerable concern displayed in the Department of Defense as well as in the Congress over the diminishing industrial base that would be available to support the armed forces during a mobilization for a general war. A dispersal of the fleet into a strategic homeporting pattern would broaden the mobilization industrial base in a realistic and efficient manner.

Clearly a system of strategic homeporting has significant advantages in terms of military effectiveness and industrial readiness. A question that your Committee must face, is this concept worth the additional cost? In my opinion, this country can not afford not to move quickly into a system of strategic fleet basing. I would point out that the total cost of such a program would be less than the price of a single modern cruiser.

Sincerely,

J.L. HOLLOWAY III,
Admiral, USN (Ret.)

DEPARTMENT OF ENERGY,
Washington, DC, March 4, 1986.

Hon. STROM THURMOND,
Chairman, Subcommittee on Military Construction,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: I am pleased to have the opportunity to share some of my personal thoughts with you regarding the U.S. Navy's policy of strategic homeporting. As you are aware, this is a complex military question as well as a difficult budget issue.

The value of dispersing forces during peacetime is much less obvious than its importance in war. There is no question that concentration of forces during peacetime is more economical than dispersal; however, dispersal will improve the survivability of Navy assets in the event of a war. Pearl Harbor and the destruction of our battleship force should teach us that lesson. Unfortunately, in peacetime, economy becomes a strong incentive and we seldom know the wisdom of such decisions until it is too late. You and your committee have the responsibility to balance the risks versus the benefits and make a determination whether the country can afford this effort.

The Navy's goal to have a 600 ship force to meet our worldwide treaty responsibilities, as well as our commitment to protect U.S. interests around the world, is a basic consideration which forces us to again expand the number of bases for homeporting. From a practical standpoint, it is really not feasible to concentrate 600 ships in a few principal ports as we did in the 1970's. Even with the reduced number of ships we had at that time, it was difficult to provide adequate pier space, industrial support for maintenance, operating areas for training at sea, logistic support, or shore-based facilities and housing for the increased number of personnel. Thus, even without the military considerations, it is necessary to spread our fleet assets out.

From the standpoint of military effectiveness, I have long been concerned that a potential enemy could easily close off one or more of our most important ports by sinking ships near the entrance to the harbor or mounting a submarine blockade. As a tactical commander, I would again have to support the use of additional homeports. With the added geographic flexibility created by the new homeport selections, the Navy can more effectively respond due to the fact that the ships and aircraft are closer to the scene of action from the beginning. Even today's nuclear-powered and gas-turbine propelled ships seldom exceed sustained speeds much greater than 30 knots; so geographic proximity will save many hours.

With regard to the priority of the homeporting initiative in relation to other national security programs, I believe this requirement is important enough to be funded even in this period of lean budgets. In the concept that I expressed above, I believe that the benefit of funding the additional homeports outweighs the risks of increased spending. Similarly, the risks associated with not funding this initiative far outweigh the benefits of economy that we would experience.

I hope that I have been successful in addressing your areas of concern. Please let me know if I can be of additional assistance.

Sincerely,

S.R. FOLEY, Jr.,
Assistant Secretary for Defense Programs.

JANUARY 29, 1986.

Hon. STROM THURMOND,
Chairman, Subcommittee on Military Construction, U.S. Senate, Committee on Armed Services, Washington, DC.

DEAR SENATOR THURMOND: Thank you for your letter of January 21, 1986 requesting my professional opinion on the military merits of the Navy's program to base its ships in accordance with a new policy called strategic homeporting.

As Chief of Naval Operations from 1970 to 1974 during a period when the anti-war, anti-military mood of the United States public was leading to drastic reductions in defense, it was my sad duty to preside over the elimination of a number of bases around the United States.

As I testified during those years, the loss of these bases was harmful to naval readiness, but necessary at a time when stringent budgets were forcing me to relinquish an even larger fraction of my ships and military personnel.

I strongly support the decision of present Navy management to disperse the now growing fleet to more homeports. There is no question but what spreading our fleet over a larger number of homeports will reduce ship vulnerability, enhance battle-group integrity, avoid overcrowding, exploit and enhance our industrial base, improve active and reserve recruiting and, in some cases, move our ships closer to operating areas.

As the Soviet Navy continues to increase the number of submarines it maintains within short striking distance of our ports, the need for additional dispersion of our ships has increased.

In my judgment, the hundreds of millions of dollars that must be appropriated in order for the strategic homeporting concept to be successful are fully warranted by the military benefits to be derived.

All best wishes,

Sincerely,

E.R. ZUMWALT, Jr.

Senator DENTON. How about Admiral Moorer, Mr. Chairman?

Senator THURMOND. Admiral Moorer is for it, and his statement will also go into the record. We tried to get him here today, but he was out of the city.

[The prepared statement follows:]

JANUARY 31, 1986.

Hon. STROM THURMOND,
U.S. Senate, Chairman, Subcommittee on Military Construction, Washington, DC.

DEAR SENATOR THURMOND: I appreciate the fact that you have referred the issue of Strategic homeporting to me for my comments. These comments will be basic and general since I have not followed this program in detail in recent years. However, I hope that my views expressed below will be of assistance to you.

You are correct in stating that the strategic homeporting initiative represents a reversal of past Navy policy. Heretofore the idea was to homeport ships by type, i.e., destroyers in one port, submarines in another port, etc. The idea here was to concentrate the supply of spare parts and, hopefully, reduce the cost per ship on the shorebased infrastructure, such as hospitals, mess halls, etc. Also, as you recall, we have utilized repair ships whose capabilities were tailored to the requirements of a particular type, i.e., destroyer tenders, submarine tenders, etc.

I have, of course, studied this problem of homeporting over and over again. More recently I have brought myself up-to-date on the specific plans. Consequently I strongly believe that the strategic homeporting program now under consideration is a highly desirable one for the following reasons:

1. Technology has changed radically during the last decade and today it is highly desirable that ships train in groups of different types rather than a single type. An effort is being made to deploy these ships in the same groups that have trained together. As a result, I know from experience that familiarity between ships will significantly enhance operating efficiency.

2. There is no question that the previous policy of getting a maximum number of ships in one port crowded facilities and made large scale departures from port slow since it took several hours. This is particularly true in places like Norfolk, Virginia, where the ocean cannot be reached except through a channel several miles long.

3. The dispersal of our forces, of course, adds to their survivability in this nuclear age. As you may recall, there was a strong move at one time to disperse the military office buildings in Washington so that they could not be destroyed at one time. The

strategic homeporting provides the advantage of this dispersal. One of the strong benefits which is not generally understood is that strategic homeporting permits the maintenance of more shipyards in the private sector and, consequently, maintains a base for rapid expansion in time of emergency. This industrial base is a matter of major concern to me since today we do not have enough merchant ships to provide sealift required by the NATO war plans. A maritime nation such as the United States needs a very widespread shipbuilding capability even if it is operated at low capacity during a time of peace.

4. With respect to the proposed Gulf deployments, I believe they are very timely. With the coup in Haiti, the giveaway of the Panama Canal, and the ever-increasing Soviet penetration into Nicaragua, I am convinced that the probability of some kind of confrontation in Central America is bound to take place, perhaps sooner rather than later. It will be very useful to have those ships in the vicinity.

As indicated by the data you supplied to me, this overall program will cost approximately $800 million which, incidentally, is less than the cost of one modern cruiser. This is a lot of money and certainly various areas around the United States are competing with the assistance of their congressional delegations to insure some of this money is spent in their area. So I can understand why one must ask the question: Are the objectives strategic or are they political? There is no question but that the new homeports will generate local political support for the Navy. However, I don't believe this is really the issue. Barring actions by the liberals completely under cutting the defense budget, in my opinion this strategic homeporting derives significant military benefit. I have examined this issue many times hoping to accomplish something similar to this, but during the decades of the sixties and seventies the Navy had difficulty in acquiring the funds for operating in Vietnam, much less implementing a program of this sort.

I think that it is quite clear that crowding in Norfolk and San Diego should be reduced. I have been assigned to the Norfolk area seven times and it has always been a problem to enter and exit.

Finally, I believe it is imperative to get access to widely dispersed bases at this time because at the rate at which our population is expanding before too long there will be very few satisfactory sites available.

In short, as the new ships currently under construction are commissioned, they will require a home port which the strategic homeporting program will provide. The smaller naval bases throughout the nation, such as Newport, New London, Charleston and Jacksonville are, in my opinion, at optimum base loading and will no doubt maintain the numbers of ships and personnel currently supported by those bases.

If I can supply any further information to you, please so inform me.

Sincerely,

THOMAS H. MOORER,
Admiral, U.S. Navy (Ret.).

Senator THURMOND. Is there anything else you want to say?

Mr. ARNY. No, sir.

I thank you for the opportunity to present our views on this subject, and we stand ready to answer any questions you have for the record.

Senator THURMOND. Now the GAO is going to make its presentation. I guess in fairness, we ought to give you a chance to respond either orally or for the record, if you wish to do so.

Mr. ARNY. Yes, sir.

Senator THURMOND. This afternoon we are going to meet back here at 1:30. I am due at a luncheon today with Soviet Representative Dobrynin.

I wonder if you could carry on this hearing, Senator Denton, in a few minutes, when I can no longer stay. I would like to stay for part of the GAO presentation, as much as I can.

Senator DENTON. Are we going to take any break for lunch or not, Mr. Chairman?

Senator THURMOND. We will begin right now with the GAO and if you chair for me when I leave, I will be able to stay for a few more minutes. I want to get the thrust of the GAO statement. But

if you would care to hear them and then recess the hearing until 1:30 p.m., I would appreciate it.

Senator Gramm, can you come back at 1:30?

Senator GRAMM. I can. I am going to have to leave in just a moment for another meeting, but I will be back here later.

Senator THURMOND. All right.

We thank you gentlemen very much.

Senator DENTON. May I submit my lengthy statement, and opening statement, for the record, Mr. Chairman.

Senator THURMOND. Yes.

Without objection, your prepared statement will be entered in the record.

[The prepared statement of Senator Jeremiah Denton follows:]

PREPARED STATEMENT OF SENATOR JEREMIAH DENTON

Thank you, Mr. Chairman. I am pleased that we are having the hearings today. The issue before the subcommittee, the Navy's proposal for strategic homeporting of our fleet, is an important one that, it seems to me, has become unnecessarily and unfortunately contentious.

In that context, let me say, Mr. Chairman, that my Navy service, or certainly the greatest part of it, was conducted at a time when we had many more homeports than we have today, albeit for a somewhat larger fleet. For example, we had major presences at places like Newport and Quonset Point, Rhode Island; Boston, Massachusetts; and New York, New York, which subsequently disappeared, frequently along with the Naval shipyards that had also been there.

So it is a little disturbing for me, at least, to realize that our growing fleet of combatant ships is now homeported at a very small number of places, basically three on the east coast and three on the west coast. Of course there are exceptions for some things, like submarines, but on the whole that is the impression that I have, and that anyone who served in the Navy until comparatively recently would have.

I do not claim, and I know that the Navy does not claim, that strategic homeporting can be accomplished without additional cost. Obviously it will cost more than we would otherwise spend, but I believe that the cost would be more than worth it. That is an instinctive feeling, but I believe that it would be supported by the professional judgment of most naval officers as well as by any careful analysis that one might wish to conduct.

In the course of its consideration of the issue, the committee requested the views of a number of distinguished former Naval officers. I have read with care the responses that have been given to me.

Admiral Thomas H. Moorer, a fellow Alabamian and a friend, was Chief of Naval Operations during the 1960s, and then Chairman of the Joint Chiefs of Staff. He said that "the strategic homeporting program now under consideration is a highly desirable one," and he gives several reasons for that. He notes, in particular, the importance of a Naval presence in the Gulf of Mexico.

Admiral Elmo Zumwalt was Chief of Naval Operations from 1970 to 1974, at the time when the number of bases was significantly reduced. He calls his role in that reduction as "my sad duty" and says that "the loss of these bases was harmful to Naval readiness." He goes on to say that he "strongly" supports the current strategic homeporting program, and concludes, "in my judgment, the hundreds of millions of dollars that must be appropriated in order for the strategic homeporting concept to be successful are fully warranted by the military benefits to be derived."

Admiral James L. Holloway, III, was Chief of Naval Operations from 1974 through 1978. He will testify this afternoon, but in his letter to the Chairman of the Committee he says that "I very strongly support the concept of strategic homeporting and consider that the Navy's plans to implement this philosophy are both imaginative and pragmatic." He notes in particular the threat of Soviet submarines operating off our coasts, and the benefits from basing our Navy "in a prudent system that takes advantage of the unique geography and special industrial capabilities of the United States." He concludes by saying that, in his opinion, "this country can not afford not to move quickly into a system of strategic fleet basing."

Admiral Thomas B. Hayward was Chief of Naval Operations from 1978 to 1982. He has reservations about the strategic homeporting concept, particularly "the numerous detrimental aspects which such wide dispersal to new bases will have on

most military personnel, especially the career oriented family Navy person." I know Tom Hayward well, and I understand his concern. No Chief of Naval Operations in my memory was more concerned about the welfare of our service personnel, and I believe that we and the Navy should ensure that questions of "quality of life" for our sailors and their families are kept in the forefront of our considerations and fully addressed. I trust that our witnesses will address that point.

The committee also heard from Admiral Sylvester R. Foley, Jr., recently retired from the position of CINCPACFLT and now Assistant Secretary of Energy for Defense Programs. Admiral Foley, whose last position was truly as an "operating" rather than as a "political" admiral, supports strategic homeporting. He says, "I believe that the benefit of funding the additional homeports outweighs the risks of increased spending. Similarly, the risks associated with not funding this initiative far outweigh the benefits of economy that we would experience."

Those views are from a pretty good representation of our recent Naval leaders. It is a little harder to assess the views of current, serving officers, although I was present in Mobile, Alabama, when the Chief of Naval Operations delivered a strong and passionate defense of the strategic homeporting concept.

I do know, however, that Admiral Carlisle Trost, currently CINCLANTFLT in Norfolk, has expressed great concern about the negative consequences in Norfolk and other Atlantic Fleet ports should strategic homeporting not be implemented. He notes the limitations of existing physical space which, he says, is "becoming more tightly hemmed in by commercial development." He points out that there would be great costs to provide adequate facilities in existing bases and points out, as a career officer of his seniority would, that not very many years ago we had to anchor ships out in the Hampton Roads area because of inadequate berthing facilities.

The point is that there is no free lunch. Defense of America and of its commerce requires a strong and effective Navy, able both to project power, whether in the Mediterranean, or the Far East, or the Indian Ocean, and to defend our coasts and sealanes.

That Navy requires officers and men to sail and to serve, to go in harm's way and to put their lives on the line.

It requires ports to house and care for not only the ships but also the officers and men, and their families. And there is a lot more to "quality of life" than just having "family housing" available on base, and a PX and a commissary. As any of us who has served in the Navy knows, it is often essential to be able to get away from the Navy. Norfolk still has a reputation as a poor duty station, and that's because of the concentration of Navy there, not because of any inherent drawbacks of the place.

And, finally, providing the ports and the "quality of life" costs more one way or the other. If we can pay a little more and get a lot of benefits through dispersal and all the benefits that come from that—and I think that quality of life for our Navy people will be better, by the way—then it makes sense to do that. That's why I think that strategic homeporting makes sense.

Finally, let me note that Mobile, Alabama, in my home State, is one of the ports that would receive Navy ships under the concept as it stands. Mobile competed to win a competition for basing ships, and there was a lot of time, energy, effort, and money that went into the effort. I am proud of Mobile and its people for their desire and commitment. They make me proud that I spent my career in the Navy. They make me proud to be an American. I am fully confident that they will provide a good home for the Navy, and that the Navy will be happy with Mobile.

Thank you, Mr. Chairman, for allowing me to make my somewhat lengthy opening statement. I look forward to the testimony of our witnesses, and to the opportunity to question them at the appropriate time.

Senator THURMOND. Our next witness will be the Deputy Director of the National Security and International Affairs Division of the General Accounting Office, Mr. Bill W. Thurman.

Mr. THURMAN. Thank you, Mr. Chairman.

Senator THURMOND. We are glad to have you with us.

Could you present the thrust of your statement and we will put your entire statement in the record.

Mr. THURMAN. Yes, sir; I will be happy to summarize it very, very briefly.

STATEMENT OF BILL W. THURMAN, DEPUTY DIRECTOR, NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION, GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY JOHN LANDICHO, SENIOR ASSOCIATE DIRECTOR, NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION, GAO; AND JOHN PULLIAM, EVALUATOR IN CHARGE, NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION, GAO

Mr. THURMAN. In view of the many issues that were covered by the Navy this morning I would only be repeating if I focused on them.

First let me, if I may, Mr. Chairman, introduce the two people who are with me.

John Landicho, on my left, is the Associate Director in our division who is responsible for planning and directing all of GAO's work dealing with Navy and Marine Corps activities.

John Pulliam, on my right, is the person who headed up the effort that we undertook at your request to examine the strategic homeporting issue.

I might quickly say that our focus, pursuant to your request, Mr. Chairman, was to take a look at the basis for the Navy's strategic homeporting program, to try to gather some information on the scope and cost of developing the new home ports, to take a look at the capacity of the existing home ports to accommodate the ships that will be assigned to the new home ports and to compare, as best we could, the costs between the two options.

In February 1986, we provided DOD with a draft of our report, summarizing the results of our work. Our overall conclusion, which was reflected in the draft, was that we felt the Navy needed to better demonstrate the strategic benefits of new home ports and prepare more definitive and complete cost estimates as a basis for proceeding further.

The Navy responded to our draft with official oral comments in early March and with written comments last Friday. They strongly disagreed with the findings and conclusions that we reached from our study. Before trying to synopsize the concerns that we raised, I would like to make it very clear that our intent in undertaking this review was not to reach a judgment on whether or not the Navy should proceed with its strategic homeporting plan or whether some other plan should be implemented.

Our fundamental concern—and I think it is often our fundamental concern when we undertake this type of work for the Congress—was to try to lay out, as best we could, any issues that were associated with the homeporting plan, either in terms of the strategic principles or the cost of the initiative, for the Congress' consideration and to highlight those issues for use in your decision-making process.

What we found when we took a look at the strategic principles—and I will not describe them because I think you heard a very thorough presentation of the principles this morning from the Navy—is that they are based heavily on military judgment. Since they are based on judgments, it is probably not surprising that we heard some dissenting points of view on the value of strategic homeporting.

Let me just focus briefly on dispersal and talk a little bit about that. Some of the views that we heard were questions like how much of a benefit are we really going to get out of this since we are dispersing a relatively small proportion of the active fleet?

We also heard from some people in the Navy that the threat, the conventional threat, against our existing home ports was relatively low. We recognize, that threat assessment is a very judgmental kind of process, and we do not presume to be military experts. But we heard these kinds of concerns expressed.

On the question of battle group integrity, we heard concerns along the lines that it is difficult to maintain a battle group integrity, whether we go to new, expanded home ports or whether we homeported in the existing home ports.

Such things as maintenance cycles of the ships that are assigned to a particular battle group, rotation of military personnel in and out of the battle group, and so forth, were issues that were identified that tend to detract from achieving battle group integrity.

Another issue that we heard on the battle group integrity question was that for some of the basing schemes that are being pursued as part of the strategic homeporting initiative, some of the battle groups will not be based in the same location. For example, the west coast battleship group will be at Pearl Harbor, San Francisco, and Long Beach, which tends to make it a little more difficult to achieve battle group integrity.

In commenting on our report, the Navy disagreed with our assessment. One of the things that we felt was needed, if we are to seriously consider the pros and cons of basing in existing ports versus the new home ports, was a comparison between ports. Such a comparison would take a look, for example, at Staten Island and see how the strategic principles would be achieved if we based the battle group in Staten Island vis-a-vis Norfolk. The comparison would show that we obviously are going to achieve dispersal if we move to Staten Island; in the area of logistic support, the comparison could identify the pros and cons between being in Staten Island vis-a-vis Norfolk.

The Navy interpretation in commenting on our draft, was that we were calling for a very definitive kind of analysis based on perhaps a war gaming kind of scenario, and that somehow these benefits could be precisely quantified.

They also pointed out, as the Navy witnesses have clearly stated this morning, that the benefits of strategic homeporting, while not specifically quantified in the sense that they felt that we were calling for it, were very clear in the collective judgment of the top military professionals of the Navy.

In any event, what we had in mind when we were talking about an analysis of the strategic benefits was literally something along the lines of what I just discussed.

Turning now quickly to another area, in our examination of the capacity of existing home ports, we looked at seven existing home ports—some of the major ones on both the east and west coasts. We analyzed the capacity of these home ports with the assistance of knowledgeable Navy personnel because we are not and would not profess to be experts in terms of how one goes about basing ships. We used Navy studies which considered such factors as hull sizes,

pier configurations, pier utilities, maintenance considerations, and yardcraft and visiting ships. What the analysis suggested when we completed it was that there were 95 additional berths in seven selected home ports, which was well within the capacity of the number of ships that were to be dispersed as part of strategic homeporting.

We studied, as part of that process, several possible alternatives for basing the battleship groups and the carrier groups in existing home ports, and we identified, with the assistance again of Navy officials, some that we thought were technically feasible. In other words, it could technically be done. Some of those are enumerated in our draft report.

In its comments on our draft report, the Navy disagreed and stated that we had overestimated the capacity of existing home ports and that no capacity existed in these ports to berth additional ships without more construction.

The biggest disparity——

Senator THURMOND. Mr. Thurman, if I may interrupt you for just a minute, I just got word that they are all waiting on me at the luncheon I mentioned.

I will get the staff members to brief me on your remarks.

You may proceed and then Senator Denton I presume will have some questions.

Senator Denton, you and Senator Gramm may both have some questions.

In the meantime, Senator Denton, if you will come around and take the Chair. The subcommittee will reconvene at 1:30 today.

Senator GRAMM. Mr. Chairman, I have to leave also, but I would like to make one comment, if it is all right.

Senator THURMOND. Yes.

Senator GRAMM. I have read the GAO study.

Let me say that your job is a hard job. I often find myself in your position. I am trying to look at an issue, and all of the guys who have the information often have a vested interest. And I try to look at it.

I have read your report. I thought, given the resources you had, that it was a good report.

I am convinced on the home port issue that it is a good idea. But the point I want to make is this.

You, at GAO, perform a vital service, because we need people from the outside taking an alternative point of view and building a case for that point of view. The fact that in my opinion we are going to make a decision here to move ahead with home ports does not mean that your study was not valuable. It focused attention on areas that needed more attention. It induced the Navy to go back and look at its study.

I think it is going to induce us to set some strict constraints on cost.

The point I want to make is, like John Milton said, "They also serve who only stand and wait." While I think your study raises questions, though not enough to overturn the decision in my opinion—and I think that will ultimately be the opinion of the Congress—I think it was a good study, given the resources you had, and I think it was helpful in terms of helping us focus on the issue

and being sure that we look at both sides and that we have two perspectives on it.

I just want to thank you for the good work you do at GAO.

Mr. THURMAN. Thank you, sir, for those kind remarks.

Senator THURMOND. I, too, want to express my appreciation to you for the great service you have rendered in this matter.

Mr. THURMAN. Thank you, Mr. Chairman.

Senator THURMOND. Your report has been helpful in many ways, and, as Senator Gramm says, what you have done has been valuable to this committee.

Mr. THURMAN. Thank you, sir.

Senator THURMOND. Senator Denton, would you now take the Chair please.

Senator DENTON [presiding]. Please proceed, Mr. Thurman.

Mr. THURMAN. Thank you, sir.

I believe I was talking about the Navy's disagreement with our calculations concerning capacity of the existing home ports. The greatest disagreement or the greatest disparity between the results of our analysis and the Navy's comments on our draft report was in San Diego, where our analysis suggested that there were 25 berths available in that port. In its comments on our draft, the Navy stated there were only 50 berths available.

Senator DENTON. What were those numbers, please? Only how many?

Mr. THURMAN. Fifty.

Senator DENTON. But you stated 25 available?

Mr. THURMAN. Excuse me, 75. I'm sorry. If I said 25, I stand corrected; 75 was what our analysis suggested were in San Diego, and the Navy's comments concluded that there were 50.

I think at this point that we are not completely sure that we understand totally the basis for the Navy's disagreements. We relied totally on Navy data in examining the capacity of the existing home ports. For example, in determining the capacity of the west coast home ports, we used a Pacific Fleet base capacity study that was dated May 1985. But it appears that in its analysis the Navy used—in terms of its comments on our draft report—some fundamentally different assumptions than were used in the earlier studies.

I might say at this point that the whole question of capacity gets to be a bit sticky. I looked, for example, last night, at a basing scheme in San Diego that was prepared by the Pacific Fleet which showed 98 berths available. So much of this depends on the configurations that are employed and so forth.

Let me turn now quickly to the results of our work on the questions of the cost of the new home ports.

As you heard this morning, Senator Denton, the Navy's most recent cost estimates for the home ports total $799 million.

This estimate—and I think the Navy pointed this out to you this morning—covers the construction costs needed to establish a full initial operating capability. It does not include the cost of projects which the Navy has identified as ultimately being desirable for the development of the new home ports.

To illustrate I will try to highlight the various cost estimates that we found in our review of the proposed home port at Staten

Island. As Mr. Arny pointed out in his comments, we talk in our draft report about the various estimates that have been associated with the Staten Island home port.

Back in August 1985, I believe it was, an A&E firm prepared a draft master plan for the Navy showing the development of the Staten Island facility and estimated that the total cost of the facility would amount to $397 million.

Subsequently, the Navy went through the A&E projects, pared them back to determine the minimum number of projects that would be required for Staten Island to achieve an initial operating capability, and that is the $188 million number that was discussed this morning.

We noted in carrying out our work last summer and early last fall that all potential costs were not captured in the $397 million estimate. The draft master plan stated that 1,200 units of family housing would be required in the New York area, in addition to the 620 units that were included in the $397 million estimate. We estimated that the total additional cost of those 1,200 units could amount to about $120 million.

I would like to make it clear that it is our understanding that the planning criteria that was used by the A&E firm that prepared this estimate is simply a guide. The planning criteria is normally viewed as representing the maximum number of facilities that are needed at a particular installation. So, the A&E estimate should be at the high end of the cost spectrum.

I think I also should point out that we recognize that, as the Navy moves forward in planning for a project of this magnitude, it is obvious that the cost estimates that are associated with it are going to be refined.

At the same time, I think the important point that we would like to leave with you is that it is quite likely that in the future this committee will be receiving requests for additional brick and mortar projects to bring the Staten Island home port up to the desired level of development.

We also recognize that shortfalls exist in most of the existing Navy home ports, and we think that it is quite likely that you will continue to receive additional requests for improving these ports.

Let me turn quickly and talk if I may about cost comparisons and try to summarize our concerns in that area.

During our review we tried to come to grips with what the cost differences would be if we placed the ships in existing home ports as opposed to the new home ports.

The results of our work in that area suggested that the cost differences could be fairly significant.

At the time we were carrying out our work in the summer and early fall of last year, I think it is fair to say that the Navy had not focused that much attention on that kind of comparison. That is fairly understandable, in my view. As you heard this morning from the Navy the strategic principles that were driving the strategic homeporting concept were pretty much accepted as something the Navy needed to accomplish, and there was not that much attention paid to the difference in cost between basing at new ports, as opposed to existing ports.

So we did not see a lot of data in that area.

Now, in November 1985, at the direction of this committee, the Navy provided a report comparing the cost, the construction costs, between new home ports and existing home ports. In our view, those cost comparisons were a step in the right direction.

For example—and I think some of these comparisons we can focus on specifically, if I can give you a couple of examples—the Navy report estimated that the additional costs for homeporting the carrier group in Everett, as opposed to San Diego, would be $179 million.

Now, that is a comparison of basic IOC construction costs.

The difference between Staten Island and Norfolk for the battle group was $89 million.

In our view, that kind of analysis begins to provide the committee and the Congress with the kind of information it needs to make a judgment on whether the benefits associated with strategic homeporting are worth the additional cost.

We did note, and would call to your attention—and this is one of the things that I point out in my prepared statement—that comparisons that were provided in November did not include O&M cost differences, which were discussed some this morning, or the differences in cost of personnel.

Let me cite an example that is in my formal statement.

One estimate that we saw indicated that the Navy will need about 1,200 civilian and military personnel to operate the new home port at Staten Island. Until we heard the testimony of the Navy this morning, we were not aware that the Navy had not developed detailed or formal estimates of what the cost differences would be in operating and maintaining the new home ports as opposed to the existing home ports.

I think we heard a figure this morning in the $30 million to $50 million range in added O&M-type expenses as a result of opening the new home ports.

Mr. Chairman, we have not seen the details behind that estimate and so we are really not in a position to comment on them. But, again, I think that is the kind of data that we were calling for in our draft report.

Fundamentally, we thought it was important for the Congress, in order to evaluate the anticipated benefits that would be coming out of the strategic home port initiative, to be in a position to contrast those with the additional costs that would be incurred.

That pretty much is a synopsis of my statement. Perhaps it is not a short enough synopsis, and I apologize if I took too long.

[The prepared statement of Mr. Thurman follows:]

PREPARED STATEMENT OF BILL W. THURMAN, DEPUTY DIRECTOR, NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION

Mr. Chairman and Members of the Subcommittee: I am pleased to appear before the Subcommittee to discuss the results of our review of the Navy's strategic homeporting plan.

The Navy initiated the plan because of concerns that the existing homeporting structure was not optimum from a strategic and military standpoint. The plan calls for adjusting the mix of ships in existing homeports and developing several new homeports for a battleship surface action group at Staten Island, New York; a carrier battlegroup at Everett, Washington; a battleship surface action group and a carrier battlegroup at several gulf coast cities; and a battleship surface action group at two west coast cities and Pearl Harbor, Hawaii.

The strategic homeporting plan has generated considerable congressional and public interest. In response to your request, Mr. Chairman, we sought during our review to develop information concerning the Navy's basis for increasing the number of homeports, the scope and cost of developing the new homeports, the capacity of existing homeports to accommodate the ships to be assigned to the new ports and any investment costs involved, and the cost of homeporting the ships in existing homeports versus the cost of homeporting them in new ports.

In February 1986, we provided DOD a draft report summarizing the results of our work for its review and comment. Our overall conclusion, which was reflected in the draft, was that the Navy needed to better demonstrate the strategic benefits of new homeports and to prepare more definitive and complete cost estimates as a basis for proceeding further. We received the Navy's oral comments on our draft report on March 12, and its written comments on April 4. The Navy disagreed strongly with our findings and conclusions. While changes will be made to our report as a result of the Navy's comments, we continue to believe that our fundamental conclusions are valid.

Before turning to the specific results of our work, I would like to note that it was not our objective to make a judgment on whether the Navy's strategic homeporting plan or some other basing approach should be implemented. Simply stated, our objective was to assure that the Congress has as complete a picture as possible of the benefits and costs of the homeporting plan for use in its decisionmaking process.

STRATEGIC ISSUES

The homeporting plan is based on five strategic principles related to (1) force dispersal, (2) battlegroup integrity, (3) industrial base utilization, (4) geographical considerations, and (5) logistics suitability.

We found that the Navy had not done a definitive analysis of how the benefits envisioned in applying the five strategic principles would be achieved at each port and the extent that the Navy will realize these benefits is not clear. We did not do a definitive analysis of the benefits either, but we did obtain certain information concerning them which I will briefly discuss.

The Navy has stated that the dispersal of ships to more ports will improve the U.S. defensive posture and the survivability of the fleet. While dispersal should certainly help accomplish these objectives, we found that the decision to disperse the fleet was not based on a formal threat/survivability analsyis specifically addressing force dispersal. Some Navy officials advised us that the conventional threat to U.S. ports is relatively low. We were also told that the threat from mining and sabotage could be greater in the new homeports than in the existing homeports. This is because most of the new ports are in commercial port areas that are open to Soviet commercial ships whereas some of the major existing ports, such as Norfolk, are closed to Soviet ships. During the course of our work, we also heard concerns about the extent to which this strategic objective would be achieved, given the relatively small proportion of the fleet which will be dispersed.

The second strategic principle relates to battlegroup integrity. The idea here is that collocating ships of the same battlegroup will enhance warfighting coordination because they will be able to train and work together as a complete group.

Under the homeporting plan some of the ships will not be homeported in battlegroup configurations at the new homeports. For example, ships comprising the west coast battleship group will be spread among San Francisco, Long Beach, and Pearl Harbor. We were told that retaining battlegroup integrity is difficult under either the expanded homeporting structure or the existing homeport structure because of personnel rotation policies and the differing maintenance cycles of ships.

The third strategic principle concerns industrial base utilization. The Navy has stated that homeporting ships near locations with existing industrial capability will permit the Navy to take advantage of this capability. An expanded fleet will, of course, provide more work for private shipyards and we found that the strategic homeporting plan will benefit shipyards in the vicinity of the new homeports.

The fourth strategic principle relates to geographical considerations. The Navy believes that homeporting in more diverse geographical locations on both coasts will permit it to train and operate in a variety of environments and reduce the response time to potential conflict areas.

Our review indicated that, while the strategic homeporting plan will provide more diverse training opportunities and some reduced response times, the impact likely will not be significant. Most fleet training will continue to be conducted in the Southern California and Caribbean areas where the Navy already has test facilities and resources. In addition, individual personnel will have to be sent to existing

homeports for specialized training, such as fire fighting, unless such facilities are constructed at the new homeports.

The locations of some of the new homeports will reduce the steaming time of ships to potential conflict areas. However, Navy officials advised us that the battle-groups would not be deployed independently into a potential major conflict area and, therefore, would have to rendezvous with ships from other homeports before proceeding.

The final strategic principle relates to logistics suitability. Although the Navy stated that it wanted to maximize the use of the existing base infrastructure, we found that the logistics suitability of existing homeports was not studied during the selection process for the new homeports. Our review indicated that the infrastructure of the existing homeports will be used at a level which is considerably less than their maximum capacity.

In commenting on our draft report, the Navy disagreed with our assessment that the strategic benefits needed to be more clearly demonstrated through a definitive analysis. It stated that while modeling techniques exist for vaious wargaming strategies, they would be neither valid nor conclusive to quantify the benefits of the strategic homeporting concept since the analysis is extremely scenario dependent. It noted that the concept and its principles, which were developed in consonance with the Navy's maritime strategy, evolved over a decade of continous operational assessment of capabilities and threats of potential adversaries by various elements of the Navy command structure. Navy also stated that benefits of strategic homeporting, while not quantified empirically, were clear in the collective judgment of the top military professionals in the Navy.

One of the objectives of our reveiw was to identify the strategic principles which were important to the Navy's decision to increase the number of homeports and to report on any major concerns associated with the principles. In conducting our work we accepted these principles as a given since they are heavily based on military judgment. However, because they do involve judgment it is not surprising that we identified concerns, which we believe warrant the attention of the Congress.

We agree with the Navy that the use of modeling techiques to quantify the benefits of strategic homeporting probably is not practical. What we had in mind was much more straightforward. In conducting its assessments of potential sites for the new homeports the Navy analyzed how each of the potential sites scored in terms of such factors as operational considerations, land, community support, and environmental issues. It seems to use that it would be useful for the Navy to perform a similar analysis of the strategic principles which would assess the extent to which these principles could be realized at existing homeports in comparison to the new homeport sites.

CAPACITY OF SELECTED EXISTING HOME PORTS

We found that selected existing homeports have the capacity to accommodate the ships included in the Navy's strategic homeporting plan. With the assistance of knowledgeable Navy personnel, we analyzed ship berthing plans, capacity studies, and ship deployment schedules for selected existing homeports. In making this analysis, we relied on Navy capacity studies and berthing plans which considered such factors as hull sizes, pier configurations, pier utilities, maintenance considerations, and yard craft and visiting ships. Our analysis indicated that these ports have the capacity to accommodate an additional 95 ships without any further waterfront construction.

The available capacity by homeport was as follows:

Homeports	*Additional ships*
Norfolk Naval Station	8
Charleston Naval Station	17
Mayport Naval Station	15
San Diego Naval Station	36
San Diego—North Island Naval Air station	2
Long Beach Naval Station	14
Alameda Naval Air Station	3
Total	95

To illustrate, our analysis of ship berthing plans showed that Mayport has the capacity to accommodate 44 ships. Ship deployment schedules indicate that 29 ships of various types, including two carriers, are expected to be homeported at Mayport

in future years. Therefore, we estimated that this port could accommodate 15 additional ships.

The overall capacity of 95 additional ships is well in excess of that needed to accommodate the 36 ships making up the 2 carrier groups and 3 battleship groups planned for the new homeports. Although the existing homeports have the capacity to handle additional individual ships, waterfront construction would be required to accommodate the ships in battlegroup configuration at certain locations.

We studied several possible alternatives for accommodating the five battlegroups in existing homeports. We took into account available capacity and any physicial limitations at existing ports and worked with knowledgeable Navy officials to make sure the alternatives were technically feasible. These alternatives are not the only ones, since others could be developed Some of the possible alternatives are:

The Staten Island and gulf coast battleship group could be accommodated at Norfolk after an already planned pier is constructed.

The gulf coast carrier group could be accommodated at Mayport after an already planned berthing wharf is constructed.

The Everett carrier group could be accommodated in the San Diego area if an additional dedicated carrier berthing wharf is constructed.

The west coast battleship group could be accommodated in its entirety at Long Beach without any additional piers. That is, the ships planned for San Francisco and Pearl Harbor could be accommodated at Long Beach.

In its comment on our draft, the Navy stated that we overestimated the capacity of existing homeports and that no capacity existed within these ports to berth additional ships without additional construction. The largest disparity was in San Diego. Our analysis indicated that there were a total of 75 berths available at San Diego, but in its comments on our draft the Navy stated that there were only 50 available berths.

At this point we are not sure we completely understand the basis for the Navy's disagreement since we relied totally on Navy data to develop our analysis. For example, in determining the capacity of the west coast ports we used a Pacific Fleet base capacity study dated May 1985. It appears that in its comments on our draft, the Navy used significantly different assumptions to determine available berths than were used in its earlier studies. This is an issue that we need to explore in more detail with the Navy before we finalize our report.

COSTS OF NEW HOME PORTS

Estimates of the costs to construct the new homeports are numerous and in various stages of development, thus making a complete assessment difficult. The most recent Navy cost estimate for all of the new homeports totals $799 million. This estimate covers the construction costs needed to establish a full initial operation capability. The estimate does not include the construction costs for projects that have been identified as desirable for the ultimate development of new homeports.

The proposed Staten Island homeport is illustrative of the numerous cost estimates associated with the homeporting initiative. Staten Island was the first new homeport to be selected by the Navy. At the time of the selection announcement in July 1983, the site selection team estimated that it would cost $107 million to establish the homeport. Subsequently, the Office of the Chief of Naval Operations prepared various estimates for budget planning purposes. For example, in February 1985, that office estimated the site would cost $291 million. Neither of these estimates provided a project by project breakout.

In August 1985, the Navy published a draft master plan prepared by an architect and engineering firm. The total cost of the construction projects included in this plan was estimated to be $397 million. In preparing the plan, the firm used the Navy's facility planning criteria to develop a basic facilities requirements list and the projects required to satisfy these requirements. In November 1985, the Navy reduced the construction cost estimate for Staten Island to $188 million, stating that projects making up this amount would achieve a full initial operating capability and that any other construction projects would have to compete with other Navy projects in the normal programming/budgeting cycle. In reducing the estimate from $397 million to $188 million the Navy excluded such projects as family housing and morale, welfare, and recreation facilities.

During the course of our work we noted that all potential future construction requirements were not included in the architect and engineering firm's $397 million estimate. A November 1984 Navy housing study stated that over 90 percent of the personnel seeking housing would encounter great difficulty or be unable to find affordable private housing near the Staten Island homeport. The draft master plan

stated that 1,200 units of family housing would be required in addition to the 620 units included in the $397 million estimate. The total additional cost of the 1,200 units could amount to $120 million.

It is our understanding that the planning criteria used by the architect and engineering firm is simply a guide and normally is considered to represent maximum facility needs. While we recognize that cost estimates are typically refined as planning moves forward on a project of this magnitude, we think the important point here is that there likely will be future requests for funding additional facilities at Staten Island.

COST COMPARISONS

The Navy had not developed the comparative costs of homeporting in existing ports with the costs of new homeports at the time of our fieldwork. While we did not develop complete cost comparisons our work suggested that there could be significant cost differences.

For example, our work indicated that the Everett carrier group could be accommodated in the San Diego area if an additional dedicated carrier berthing wharf was constructed at an estimated cost of $34 million. If the carrier group was placed at Everett, the Navy estimates that it would cost $272 million to achieve a full initial operating capability, and $441 million if all projects identified as desirable for its ultimate development were constructed. There would be additional costs for shoreside facilities over and above the new berthing wharf if this carrier group was based at San Diego but we did not quantify them in our work. Similarly, our work suggested that the Staten Island battleship group could be based at Norfolk at a significantly lower cost.

Last year, this Committee directed the Secretary of the Navy to submit a report justifying the expenditure of funds for the Staten Island and Everett homeports on the basis of military necessity and cost effectiveness. In November 1985, the Secretary submitted the required report, which compared the estimated costs of basing at Staten Island and Everett with several alternative existing homeports.

The Navy report estimated that to achieve full initial operating capability the additional cost for homeporting the carrier group in Everett as opposed to San Diego would be $179 million and the cost difference between homeporting the battleship group in Staten Island and Norfolk was an estimated $89 million.

We believe that the cost comparisons provided by the Navy in its November 1985 report are a step in the right direction in that they provide the Congress with the type of information needed to make an informed decision.

Our review of the Navy's cost comparisons, however, indicate that they could be more complete. The cost comparisions only deal with construction costs. There will be costs to outfit the new homeports with such equipment as harbor tugs, cranes, shop machinery, and motor vehicles. Perhaps more importantly, by focusing totally on construction costs, the cost comparisons and differences do not consider the cost implications of operating and maintaining the new homeports.

For example, one estimate indicates that the Navy will need about 1,200 civilian and military personnel to operate the new homeport at Staten Island. To our knowledge, the Navy has not developed detailed or formal estimates of the additional shore personnel that would be required in Norfolk (or other existing homeports) if the battleship group for Staten Island was based there. Because there is an existing manned infrastructure at Norfolk (or other existing ports), it seems clear that the number of personnel required at Norfolk to support an additional battleship group would not be as great as the number of personnel required to homeport this group at Staten Island. In other words, economies of scale should be realized. The difference in costs for operating, maintaining and manning are particularly significant because they are recurring. We believe it is important for the Congress to have as complete a picture as possible of the total costs of the strategic homeporting initiative.

In closing, Mr. Chairman, let me say that we would not argue that a decision to establish new homeports should be based solely on cost differences. Clearly, the Navy's strategic rationale must weigh heavily in the decision. But on the basis of our work we believe there is a need for the Navy to better demonstate the strategic benefits of new homeports and to prepare more definitive and complete cost estimates as a basis for proceeding further. With such information the Congress would be in a better position to consider the increased costs (construction, operation and maintenance, and other costs) in light of the strategic goals to be achieved.

Mr. Chairman, that concludes my prepared remarks. I will be happy to respond to any questions.

Senator DENTON. Thank you, sir.

Would it be fair to say that you all having received the compliments that I think are deserved about needing to keep everyone accurate when there are subjective interests, if you can define subjective as wanting to defend the country effectively, and an instinctive feeling that the dispersal would be a good idea on the Navy's part, that you would step in and ask the Navy, who initially got into this with the idea that it was an accepted, agreed upon thing, that you asked or insisted upon more accurate information regarding costs?

The Navy admits that they have not yet completed what they would regard as a final statement in every respect, and there are, as you have indicated, some differences that might be called substantial between your positions respectively at this point on certain cost estimates. Is that a generally fair way to put it?

Mr. THURMAN. What we were pushing for, Senator Denton, was as complete a disclosure of the additional costs that would be associated with homeporting as could be made available.

Senator DENTON. Which the Congress needs——

Mr. THURMAN. Yes, sir.

Senator DENTON [continuing]. Especially under the present climate.

Mr. THURMAN. We have not gone through in any sort of detailed way the estimates that were furnished to the Congress in November 1985. But, on the basis of our work in the area, I think it is probably fair to say that the estimates are pretty good.

Now, let me turn to a lot of uncertainties. It is very understandable in a project of this magnitude that there would be uncertainties.

I don't know that we are in a position at all to predict, for example, that the new Everett home port would ultimately cost $441 million in terms of construction and land acquisition costs, which was the number that was suggested by the architect and engineering firm that prepared the draft master plan for that port.

At the same time, I think we probably are in a position to share with this committee our view and our belief that over time, pressures will be on the Congress to provide additional funds for needed enhancements over and above the initial operating capabilities at the ports.

Senator DENTON. All right.

Senator Thurmond indicated, to my memory, that he wanted to hold questions for the record. But I think we can use some initiative on that. I would want to accommodate any feelings my colleague, Senator Bingaman, has regarding questions of his.

Senator BINGAMAN. I would have some questions, Mr. Chairman, whenever the time is right.

Senator DENTON. Well, let's take 10 minutes each, anyway.

Senator BINGAMAN. Fine.

Senator DENTON. I have a personal bias regarding judgmental decisions about military or naval matters made by those who admit that they are not expert in those areas. I don't know whether it is worth mentioning, but although I respect Mr. McNamara very much, he and the President at the time, President Johnson, probably made some mistakes that were costly by ignoring the opinions of those who were expert in that field.

So I do consider the qualifications of the GAO personnel, or the identity of the naval personnel who take exception to the Navy's strategic analysis.

Could you be more specific about that? You said "some people in the Navy." We have asked the present CNO and a number of past CNO's and so on about this, and we are trying to get a handle on what would be an objective and truly authoritative judgment of the strategic aspects of this.

Mr. THURMAN. Yes, sir.

If I could, I would like to respond to the question in this way.

I do not think there is any question that the top leadership of the Navy, the top military leadership, is fore-square behind homeporting, in terms of the principles.

Some of the concerns that we heard expressed came from lower echelons within the Navy, as well as from some people who were flag rank officers but are now retired from the service.

Now, the specific thing that we are talking about, which I refered to in my prepared statement, concerning the level of the threat, came from a classified briefing that we received in August 1985.

John, maybe you would like to respond here?

Mr. LANDICHO. Yes.

On the statement dealing with the threat as low, at times it has been attributed to the GAO, but it certainly was not GAO's.

What we did was ask for a briefing on the threat as it relates to U.S. ports. We did receive a briefing in August 1985. It was from the personnel from the Naval Operations Intelligence Center.

So it came from a group of people within the Navy charged with that responsibility.

Mr. THURMAN. Mr. Chairman, if I could offer a personal view——

Senator DENTON. Sure.

Mr. THURMAN [continuing]. I do not think it is particularly surprising, at least it does not strike me as surprising, that when one begins to talk about military judgments that are made, because they are judgments, people are going to raise issues about them.

We heard questions, for example, like this raised; something like a third of our fleet is forward deployed at any point in time, and I think the recent posture statement from the Secretary of the Navy contains a statement that 50 percent of the fleet on any given day is out of the port. We take that data and say OK, what do we get from dispersal when 50 percent already is dispersed.

Those are the kind of questions we heard in the course of our work. Questions such as it takes a number of hours, extended hours, to take a ship that is cold iron and move it out of the port. So the response time question is raised.

Those sorts of issues we heard.

Senator DENTON. These next questions you can answer in writing if you wish.

Specifically, the GAO draft report makes judgments about the Navy's strategic analysis in support of its plan. What are the qualifications of the GAO personnel who prepared that analysis? If you had naval personnel involved in that, I would like to know what theirs were.

Did you use personnel who were not on your staff to prepare that section of your report? If so, who were they and what were their qualifications to do that sort of strategic analysis?

I would want you to submit that for the record, if you will.

Mr. THURMAN. Yes, sir. I will.

[The information follows:]

Senator DENTON. The General Accounting Office Draft Report makes judgments about the Navy's strategic analysis in support of its plan. What are the qualifications of the GAO personnel who prepared your evaluation?

Did you use personnel who were not on your staff to prepare that section of your report, either as authors or as consultants? If so, who were they, and what are their qualifications to do that sort of strategic analysis?

ANSWER. GAO staff evaluators trained in audit, evaluation, and interview techniques prepared the chapter in the draft report concerning the Navy's strategic rationale for new homeports and related issues. In preparing the chapter they obtained and reviewed various Navy documents and held discussions with officials from the Office of the Deputy Chief of Naval Operations (Surface Warfare); Naval Sea Systems Command; Naval Intelligence Command; Commander-in-Chief, Atlantic Fleet; Commander-in-Chief, Pacific Fleet; and various other Navy offices that would be involved in developing and executing the strategic homeporting plan. On the basis of these interviews and documents we identified the basis for the Navy's strategic rationale and reported on any major concerns associated with this rationale which we believed warranted the attention of the Congress. In conducting our work, we accepted the Navy's strategic principles as a given since they are heavily based on military judgments.

Senator DENTON. I think I have had 10 minutes. I will defer now to Senator Bingaman.

Senator BINGAMAN. Thank you very much, Mr. Chairman.

Let me ask this question.

Based on your comments, I am not sure if you are standing behind your report or not. Are you?

Mr. THURMAN. Well, let me set something in perspective for you, if I could, Senator Bingaman. I think this is an important point to make.

The General Accounting Office did not go into this assignment with a view toward reaching a judgment. I think a lot of people have read the draft report, including the Navy, as a report which says that we should not proceed with strategic homeporting.

The report did not say that at all. What is basically said was that we thought it was very important for the Navy, if we are going to engage in a serious consideration of existing home ports versus new home ports, to develop complete cost comparisons to provide the Congress with a basis for making a judgment.

We still believe that is important. So we are not changing that at all.

Senator BINGAMAN. Let me ask you about some of the specific things you say in your report and you can tell me whether you still agree with them.

Mr. THURMAN. All right.

Senator BINGAMAN. The $799 million estimate is understated because the deleted projects will have to be provided later to achieve a full operational capability. Do you agree with that?

Mr. THURMAN. Yes, we do.

We think that there is going to be pressure on the Congress in the future to increase, to add MilCon projects at these new home ports.

Senator BINGAMAN. Then you go on and say "detailed construction cost estimates to achieve such a capability total $838 million for Staten Island and Everett alone."

Mr. THURMAN. Yes, sir.

Senator BINGAMAN. You then say, "Additional construction costs not included in these estimates could exceed $185 million."

So you are saying that for Staten Island and Everett alone, it is going to cost us over $1 billion to build those two ports, as compared to what the Navy has projected?

Mr. THURMAN. Yes.

Now, as I mentioned in my comments, what those numbers are based on—and we think it is important that this committee and the Congress understand those numbers—those numbers are based on the maximum facilities that are considered desirable for the ultimate development of those home ports. What we are saying there is that our suspicion is that, while we have pared back the construction cost estimates to obtain an initial operating capability, chances are in the future there will be a request coming to the Congress for additional funds.

Is that clear or helpful?

Senator BINGAMAN. Yes.

Let me ask about operating costs.

As I understand what you are saying, you did not give an estimate on operating costs because the Navy did not give you enough information upon which you could base an estimate?

Mr. THURMAN. We did not have that. Yes.

Senator BINGAMAN. The first estimate you have heard from the Navy on operating costs is today?

Mr. THURMAN. The Navy gave us a notional cost estimate—and I would ask Mr. Landicho or Mr. Pulliam to correct me if I am wrong because my day to day involvement with this assignment was limited. But if I understand the situation correctly, the Navy provided us with a notional cost estimate of additional O&M expenses associated, I believe, with the gulf coast of—what was it?

Mr. PULLIAM. We got two estimates, for Staten Island and Everett, of $15 million and $16 million annual O&M costs to operate those ports.

Senator BINGAMAN. $15 to $16 million for each?

Mr. PULLIAM. For each port, right.

Senator BINGAMAN. For each port.

Do you believe those are realistic figures?

Mr. PULLIAM. Personally?

Senator BINGAMAN. Yes.

Mr. PULLIAM. I am not sure.

We did not see any backup data for those estimates. All we were provided was a figure.

Now, we do know that O&M does not include the costs of military personnel that will be assigned to that port to operate it.

Senator BINGAMAN. Do you have an estimate on what those military personnel costs will be?

Mr. PULLIAM. The average costs of the military personnel that the Navy uses is around $16,000 for an enlisted man and around $25,000 to $30,000 for an officer.

Senator BINGAMAN. So you are suggesting that, in the case of Staten Island, if we are going to have 5,500 or 6,000 additional people, we have 5,500 or 6,000 times one of those figures?

Mr. PULLIAM. No, sir.

Senator BINGAMAN. What are you suggesting?

Mr. PULLIAM. Those figures included all of the shipboard people. We are talking about O&M. We are talking about the people who are going to be assigned to operate the port. It has nothing to do with the ships.

Senator BINGAMAN. So, 1,200 people is the right figure for Staten Island?

Mr. PULLIAM. Right.

Senator BINGAMAN. Plus the 1,200 times the $16,000 figure you just cited?

Mr. PULLIAM. You could use that.

Senator BINGAMAN. That would be a low figure?

Mr. PULLIAM. That would be a low figure.

Mr. THURMAN. I might point out there are civilians involved in that 1,200 number, Senator.

What is really needed to develop this completely is to determine what the manning requirements would be if the battle group was based in Norfolk and compare it to the 1,200.

We have not seen—and this is what we were calling for in our draft report—a comprehensive Navy analysis of those kinds of differences. We did obtain the kind of notional cost estimates that Mr. Pulliam just referred to.

What we were urging in our draft report, and what we continue to urge, is that the Congress have available to it the best possible total cost information that it can to make an informed decision, because opening new home ports is clearly going to cost more than using existing home ports.

Senator BINGAMAN. So is it your judgment that we do not have adequate cost information today to make an intelligent judgment on the expected cost of these two alternatives.

Is that what you are saying?

Mr. THURMAN. Yes.

If I were in your position, what I would be looking for from the Navy is a fairly comprehensive analysis similar to the one that was presented to you in November of 1985, which dealt with the construction costs.

I would be looking for that same sort of analysis, dealing with the O&M costs and the Navy's rationale for the O&M cost differences and the personnel cost differences.

Let me give you an example of the kinds of costs that we are talking about that could be involved here. We have not quantified them. We are really not in a position to quantify them, to be perfectly candid with you, but we think they need to be quantified.

If training facilities needed to train the seamen that are assigned to these battle groups and carrier groups are not in place at the new home ports—and this may be a very modest kind of cost—those people are going to have to be transported at additional cost to an existing home port that has those kind of facilities for their training.

We do not want to push cost comparisons to an extreme, but we do think it is important that the major cost differences be identified and laid out fairly clearly and totally.

In the construction area, I think that has occurred.

Senator BINGAMAN. Let me just explain to you my dilemma here.

You are telling us that you cannot give an independent judgment on the projected cost of this proposal——

Mr. THURMAN. That's right.

Senator BINGAMAN [continuing]. Because you have not been given the necessary information with which to make such an independent judgment?

Mr. THURMAN. Yes. That's correct.

Now, I'm not sure it's a case of us not having been given it, but I think it is more a case of cost not really being focused on that heavily in the Navy's development of its strategic homeporting plan.

Senator BINGAMAN. So the only thing that the Navy has adequately focused on in your view, costwise, is the initial operating cost——

Mr. THURMAN. The construction costs.

Senator BINGAMAN [continuing]. And they have come up with the $799 million figure.

Mr. THURMAN. That's correct.

Senator BINGAMAN. And they have come up with this $217 million delta.

Mr. THURMAN. Yes.

Senator BINGAMAN. And you are saying that those aren't reasonable figures based on what you know?

Mr. THURMAN. There are additional costs that we suspect would ultimately be incurred for the full development of the ports. It is important, however, to recognize that the Navy's analysis takes a couple of different cuts at the construction cost question. A $188 million estimate for Staten Island deals strictly with initial operating capability.

If you compare Staten Island and Norfolk, the initial operating capability construction cost difference is $89 million. If you go to a more enhanced construction cost difference, which the Navy lays out in its study, you get a different number. But, as you start enhancing, for example, in the case of Staten Island, that home port with additional MilCon projects, then it is only fair in making the comparison that that same enhancement take place at Norfolk, and the Navy study does that. I honestly do not remember the delta for the enhanced program. But there are different deltas, depending on the type or the level of improvement that is made at each home port.

But we do think that is very much a step in the right direction, to provide the Congress with that kind of information.

Senator BINGAMAN. Well, obviously, our concern here on the subcommittee is we have to come to a judgment and vote on whether or not to approve this thing. You are telling us that the figures we have been presented with regard to initial operating costs or construction are not, in your view, reasonable, or they do not accurately reflect what the Congress is going to be expected to appropriate?

Mr. THURMAN. Over the long haul——

Senator BINGAMAN. Well, over the long haul, I mean, over the long haul we are all dead.

I am wondering this: We are on the Military Construction Subcommittee. How much are we going to have to put in to build these new ports? I mean, we need to have an estimate as to what extra money it is going to cost to do this, because we are in a no-growth budget according to the Senate Budget Committee.

Mr. THURMAN. Representing the GAO and based on my experiences in working with these kinds of estimates in the Department of Defense, if I were in your position I would err on the conservative side. Given our experience with estimates on projects of this magnitude, chances are that ultimately it is going to take considerably more funds than what we are talking about today.

Now that number is awfully hard to come to grips with. For example, it is my understanding that in the case of the Everett home port, there are some uncertainties associated with how the dredging spoils are going to be disposed of.

As I understand it, there is an environmental impact study underway now on some of these spoils which are toxic. The Navy's proposal is to dispose of these in a particular part of Puget Sound. That is creating some environmental concerns and uncertainties about whether this method of disposal will be acceptable. Again, I think there are these kinds of uncertainties in almost any big program like this.

If the spoil has to be hauled by truck and placed in a landfill, I don't know the cost number that we are looking at.

Mr. PULLIAM. We are talking about 800,000 cubic yards of toxic material. The Corps of Engineers ordered a new environmental impact study and denied a dredging permit out there.

If this study concludes, based on the congressional directives that deal with the Clean Water Act and also deal with toxic materials that the toxic material cannot be dumped in the Puget Sound, then it is going to have to be hauled to a landfill. We would be talking about moving 800,000 cubic yards, and the estimated costs to do it would run over $100 million according to some northwest newspapers.

Senator BINGAMAN. My time is up, gentlemen. I appreciate your responses.

Mr. THURMAN. Senator Bingaman, I wish we could give you very definitive answers, but the fact of the matter is that we cannot. We can give you our best judgments and some examples of things that we think could transpire.

Senator DENTON. Well, in view of the fact that we are going to try to have another hearing, and since the chairman of this subcommittee will be back at 1:30, he expected us to take a break, I will simply ask questions for the record.

I want to get some on the record today. You will be given them in writing and I would want a response reasonably promptly to these.

Mr. THURMAN. Surely.

[Questions submitted by Senator Denton follow:]

QUESTIONS SUBMITTED BY SENATOR JEREMIAH DENTON

Senator DENTON. Please provide a detailed, substantiated breakdown of the GAO's projected costs for full operational capability for the proposed naval bases at Staten Island, New York and Everett, Washington.

ANSWER. We did not prepare estimates of projected costs for full operational capability of the proposed Naval bases at Staten Island, New York and Everett, Washington. Instead, our draft report discussed for these two locations the architect and engineering estimates and the Navy's estimates contained in its November 1985 study and to achieve a full initial operating capability. These estimates were as follows:

[In millions of dollars]

Homeports	A&E estimates	Full IOC estimates
Staten Island	397	188
Everett	441	272

Because the IOC estimates do not include all projects considered desirable for the ultimate development of Staten Island and Everett, we think it is likely that there will be future requests for funding additional facilities at these locations. The attachments show for Staten Island and Everett the architect and engineering estimate, the Navy initial operating capability estimate, and the Navy enhanced program estimate. (The enhanced program includes desirable projects which are not critical to the IOC.)

The estimates in the attachments cover military construction costs. The Navy has recently prepared detailed estimates of the annual operations and maintenance and other procurement costs associated with Staten Island and Everett. Such costs for these ports are estimated at $18 million and $15 million, respectively. (Please see attachment provided in response to Senator Thurmond's question.)

COMPARISON OF NAVY ARCHITECT AND ENGINEERING FIRM'S (A&E) ESTIMATE, NAVY INITIAL OPERATING CAPABILITY (IOC) ESTIMATE, AND NAVY ENHANCED PROGRAM ESTIMATE FOR STATEN ISLAND

[Dollars in millions]

	Project	A&E estimate	IOC estimate	Enhanced estimate
P-085	Land acquisition		$4.00	$4.00
P-047	Site improvements (phase I)	$3.92	3.92	3.92
P-048	Pier No. 1	43.00	39.70	39.70
P-049	Dredging	11.70		
P-050	BOQ/BEQ (phase I)	8.20	8.20	8.20
P-052	Utilities (phase I)	14.60	14.57	14.57
P-057	Enlisted dinning facility	1.90	1.90	1.90
P-065	Land acquisition	2.94	2.94	2.94
P-054	Community services center	12.40	12.40	12.40
P-056	Naval exchange facility	6.20		
P-059	Supply warehouse (phase I)	5.55	5.55	5.55
P-060	SIMA/OPS (phase I)	27.00	27.00	27.00
P-061	Physical fitness center (phase I)	3.31	3.38	3.38
P-063	Officer/CPO/EM clubs (phase I)	5.35		
P-069	Site improvements/utilities (phase II)	35.09	31.09	31.09
P-074	Navy lodge	2.50		
P-082	Location exchange	1.80		
	Rehabilitate Dayton Manor family housing	12.10		
P-053	Public works facilities (phase I)	6.00	6.00	6.00
P-064	Bowling alley	3.06		
P-067	Commissary	2.00		
P-068	Post/bank/credit union	1.80		
P-070	BEQ (phase II)	5.50	5.50	5.50

COMPARISON OF NAVY ARCHITECT AND ENGINEERING FIRM'S (A&E) ESTIMATE, NAVY INITIAL OPERATING CAPABILITY (IOC) ESTIMATE, AND NAVY ENHANCED PROGRAM ESTIMATE FOR STATEN ISLAND—Continued

[Dollars in millions]

	Project	A&E estimate	IOC estimate	Enhanced estimate
P-071	Site improvement/utilities (phase III)	21.80	13.72	13.72
P-072	Outdoor recreation facilities	4.30		4.30
P-078	Supply warehouse (phase II)	4.18		4.18
P-081	Physical fitness center (phase II)	3.62		3.62
P-083	Officer/CPO/EM clubs (phase II)	.94		
P-084	Package store	.83		
	Family housing (320 units)	30.00		
P-051	Headquarters building	7.20		7.20
P-055	Confinement facility	6.60		6.60
P-075	Construction battalion unit	2.00		2.00
P-077	SIMA/OPS (phase II)	10.00		10.00
P-079	Public works facilities (phase II)	5.20		5.20
P-058	Pier No. 2	32.00		
P-086	Utilities (phase IV)		8.13	8.13
P-086A	Final site utilities			.70
P-066	Small craft basin	8.00		
P-076	Fire fighter trainer	10.50		
P-080	Hobby shops	2.54		
	Family housing (300 units)	31.00		
	Exchange, clubs, phase I			8.50
	Misc MWR projects			5.30
	Family housing (420 units)			38.40
	Family housing (200 units)			21.00
	Total	396.63	188.00	305.00

COMPARISON OF NAVY ARCHITECT AND ENGINEERING FIRM'S (A&E) ESTIMATE, NAVY INITIAL OPERATING CAPABILITY (IOC) ESTIMATE, AND NAVY ENHANCED PROGRAM ESTIMATE FOR EVERETT

[Dollars in millions]

	Project	A&E estimate	IOC estimate	Enhanced estimate
P-900	Land acquisition (phase I)		$17.64	$17.64
P-111	Outer harbor dredging	$14.00	13.70	13.70
P-113	Shoreline dredging/site improvements	15.20	14.80	14.80
P-115	Shoreline utilities/site improvements	22.50	18.00	18.00
P-991	Carrier pier	40.00	39.00	39.00
P-901	Land acquisition (phase II)		7.80	7.80
P-902	Land acquisition (phase III)		10.00	10.00
P-903	Land acquisition (phase IV)		26.00	26.00
P-045	SIMA facility	13.70	13.70	13.70
P-055	Barge facility	2.50		2.60
P-103	Admin. facility	6.20	6.40	6.40
P-104	Industrial complex, logistics	11.10	5.00	11.00
P-108	Medical/dental clinic	9.80		11.07
P-112	Dredging inner harbor	8.80	8.80	8.80
P-116	Utilities, 2d increment	15.50	15.50	15.50
P-117	Security facility	1.95	1.00	1.00
P-121	South marginal wharf	20.00	18.50	18.50
P-123	Central marginal wharf	44.00		39.88
P-126	Transit shed/covered storage	8.30	6.08	6.08
P-127	Port services/public works	2.30	1.30	1.30
P-128	Circulation/site improvements	8.30	3.90	3.90
P-143	Access road to site	27.30		
P-145	Naval telecom center	1.40		1.70

COMPARISON OF NAVY ARCHITECT AND ENGINEERING FIRM'S (A&E) ESTIMATE, NAVY INITIAL OPERATING CAPABILITY (IOC) ESTIMATE, AND NAVY ENHANCED PROGRAM ESTIMATE FOR EVERETT—Continued

[Dollars in millions]

	Project	A&E estimate	IOC estimate	Enhanced estimate
P-905	Dredging, outer harbor	9.90	9.90	9.90
P-990	BEQ/enlisted dining	18.30	19.80	19.80
P-119	Public works facility	2.00	1.19	1.19
P-141	Road		4.10	4.10
P-105	Direct fueling CVBG	5.50	4.88	6.89
P-107	MWR facilities (exchange w/clubs)	10.80		15.70
P-109	Training sub-complex	2.50		2.79
P-110	GSE shop and shed	4.05	4.00	4.00
P-118	Field house	12.00		9.40
P-125	Fleet support facility	2.25	1.00	1.00
P-129	Public works facility (Sand Point)	2.05		
P-130	Circulation/site imp. 2d increment	1.40		
P-131	Administrative facility	1.35		
P-144	Radar collimation tower	.50		.50
P-133	MWR facility (auto hobby shop)	5.30		3.20
P-124	Desron wharf final increment	8.30		
P-132	Firing range	2.15		
P-1[illegible]	Disciplinary barracks	.75		
P-136	Brig addition	4.00		
P-137	MWR facilities	14.20		
P-139	Bowling alley I			2.70
P-140	Bowling alley II			2.10
P-141	Commissary/exchange			5.30
	Total	[1] 380.15	271.99	376.94

[1] The A&E estimate does not include the 4 land acquisition projects, totaling $61.44 million. The total A&E and land cost estimate is $441.59 million.

Senator DENTON. Although GAO states that it is not convinced of the military benefits of homeporting, your report suggests that both east coast SAGs would be in Norfolk and both west coast SAGs in Long Beach. Do you really believe that is strategically smart?

ANSWER. The question of whether placing two battleship groups at Norfolk and two battleship groups at Long Beach is smart from a strategic standpoint is properly a military judgment. However, we noted during our review that existing ports have the capacity to accommodate the additional ships but some waterfront and other construction would be required to accommodate them in battlegroup configuration. Our draft report discussed several alternatives, which were for illustrative purposes only, for accommodating the battlegroups at selected existing homeports. These alternatives were not the only ones, since others could be developed. Two of the alternatives described were placing the Staten Island and gulf coast battleship surface action groups at Norfolk and placing the west coast battleship surface action group at Long Beach. Having more than one battleship at Norfolk and Long Beach does not seem inconsistent with the Navy's plan for homeporting carriers. The Navy's plans call for five carriers at Norfolk, two carriers at Mayport, three carriers at North Island, and two carriers at Alameda.

Senator DENTON. The Navy says that it included all known costs—piers, dredging, utilities, morale and welfare, family housing, BEQs and BOQs, and so forth—for its new homeports. What specific additional facilities or costs does GAO believe that the Navy omitted, both generally and in each specific case?

ANSWER. In general, as noted in our response to Senator Thurmond's question No. 1, we believe it is likely that there will be future requests for additional facilities at the new homeports.

In terms of specifics, a November 1984 Navy housing study stated that over 90 percent of the personnel seeking housing near the Staten Island homeport would encounter great difficulty or be unable to find affordable private housing. The Navy's $188 million initial operating capability estimate for Staten Island does not contain any family housing. The Navy's enhanced program shows a requirement for

620 family housing units at a cost of $59.4 million. The Navy's draft master plan (prepared by an architect and engineering firm) shows a possible total family housing requirement of 1,820 units. The total cost of the 1,820 units could amount to $180 million. An alternative to using military construction funds for family housing would be to obtain third party financing of family housing to be rented to Navy personnel. Under this approach the Government would pay for the housing through housing allowances which would obviate the need for military construction funds.

We also noted that the Navy's preliminary regional plan for the Puget Sound naval complex stated that the Everett carrier battlegroup would increase the demand for ordnance support at the complex's Indian Island ordnance facility. The plan listed 17 facility improvement projects, totaling more than $65 million, to support the battlegroup. These potential costs were not included in the Navy's estimates for Everett. In its comments on our draft report, the Navy stated that these costs were not accruable to Everett because additional ordnance and maintenance facilities would be required irrespective of where the new west coast carrier is homeported. We agree, but think the key question is whether the required ordnance support could be provided at a lower cost at existing ports which already homeport carriers.

Senator DENTON. Did GAO ever ask the Navy to explain, review, or brief to GAO its detailed cost study submitted to Congress in November 1985?

If not, why not?

How can GAO prepare and circulate a draft report, highly critical of the Navy's plan, when it admittedly did not take into account that information provided to Congress?

ANSWER. In December 1985 the Navy briefed the staff of the Senate Committee on Armed Services on the strategic homeporting plan. The information in the Navy's November 1985 study was one of the subjects covered. GAO representatives attended the briefings.

Our draft report recognized the Navy's 1985 study and stated we were in the process of analyzing it. In retrospect, our draft should have included a complete description of the results of the Navy's November 1985 construction cost comparison. Our final report will clearly recognize the results of the Navy study as well as the recent Navy analysis of differences in O&M and procurement costs between the new homeports and selected existing homeports. As we pointed out in our testimony, we think the cost comparisons are positive steps in that they provide the Congress with the type of information it needs for its decisionmaking.

Senator DENTON. The GAO draft report says that 95 additional ships can be put into existing homeports for essentially no cost. Is that correct?

ANSWER. No. Our draft report states that existing homeports have the capacity to accommodate 95 additional ships without any further waterfront construction. However, our analysis of ship berthing plans and ship deployment schedules provided by the Navy for seven existing homeports recognized that some waterfront construction would be required to accommodate the ships in battlegroup configurations. Also, we stated that accommodating these battlegroups could result in other construction costs, such as housing, at some existing homeports as well as increased operations and maintenance expenses. However, we did not estimate these costs.

Senator DENTON. GAO has developed cost figures for homeporting in existing homeports. Did GAO identify and include all such costs?

In each case:

How much for additional piers?

How much for dredging?

How much for family housing?

How much for additional utilities?

How much for logistics and support facilities?

How much for other items?

ANSWER. We did not develop our own cost estimates for homeporting at existing ports. While we can evaluate requirements and costs, the Navy is the appropriate organization to define its requirements and prepare the associated cost estimates. It is for this reason that the primary thrust of our review was to urge the Navy to develop complete cost estimates of homeporting at existing versus new homeports, and as we noted earlier, the Navy has taken steps to develop such estimates.

Senator DENTON. When the Navy estimated the cost of putting additional ships in existing homeports, did it include such costs?

If so, how much were they?

Are the two analyses—Navy and GAO—really comparable?

ANSWER. Yes. The Navy's November 1985 study compared the estimated construction costs of (1) Staten Island with Newport, Norfolk, and Charleston, and (2) Ever-

ett with San Diego, Long Beach and San Francisco. For example, it shows for Staten Island that $188 million would be needed to establish a full initial operating capability as compared to $98.7 million for Norfolk. The Navy considered costs associated with such elements as site work/land; pier/bulkhead; dredging; SIMA/waterfront operations; supply/public works; and utilities. The amounts estimated by the Navy are attached.

As discussed in response to the previous question we did not develop our own cost estimates and therefore the two analyses are not comparable.

BB SAG ENHANCED AND BASIC PROGRAM COST COMPARISON SUMMARY—MILITARY/NONAPPROPRIATED CONSTRUCTION REQUIREMENTS

[Cost in millions of dollars]

	Staten Island		Newport [1]		Norfolk		Charleston		Charleston [2] with Patriots Point		Mayport [3]
	Basic program costs	Enhanced program costs	Basic program costs	Enhanced program costs	Basic program costs	Enhanced program costs	Basic program costs	Enhanced program costs	Basic program costs	Enhanced program costs	
Sitework/land	24.580	24.6	6.2	6.2	0	0	0	0	1.7	1.7	
Pier/bulkheads	39.700	39.7	51.7	51.7	38.2	38.2	31.4	31.4	26.3	26.3	
Dredging	0	0	5.5	5.5	0	0	62.4	62.4	39.1	39.1	
SIMA/Waterfront OPS	27.000	27.0	12.3	22.9	0	0	5.4	5.4	5.4	5.4	
Supply/public works	11.555	20.9	3.9	6.2	.8	.8	2.0	2.0	2.0	2.0	
Administrative/Training Security	0	15.0	0	3.0	0	.6	0	2.0	0	2.0	

CVBG ENHANCED AND BASIC PROGRAM COST COMPARISON SUMMARY—MILITARY NONAPPROPRIATED CONSTRUCTION REQUIREMENTS

[Cost in millions of dollars]

	Everett		San Diego		Long Beach		San Francisco	
	Basic program costs	Enhanced program costs	Basic program costs	Enhanced program costs	Basic program costs	Enhanced program costs	Basic program costs	Enhanced program costs
Sitework/land	76.240	76.2	0	0	0	0	0	0
Pier/bulkheads	57.500	97.4	55.4	77.6	17.3	60.6	60.5	85.6
Dredging	32.400	32.4	0	0	2.1	2.1	0	0
SIMA/waterfront	26.002	30.9	6.6	17.8	7.8	32.5	7.8	15.8
Supply/public works	11.078	19.1	2.8	2.8	1.6	3.6	1.1	2.2
Admin/training/security	7.400	10.2	1.6	1.6	2.3	4.5	2.9	5.4
Community/personnel support	0	20.5	0	11.2	0	9.9	0	9.4
BEQ/BOQ	19.800	19.8	6.6	6.6	6.6	6.6	9.1	9.1
Utilities	33.500	33.5	7.3	10.8	3.6	10.9	8.1	20.5
Roads	8.000	8.0	1.1	1.1	2.8	2.8	0	0
NRF FFGs/mine warfare—Puget Sound	0	0	12.0	12.0	12.0	12.0	12.0	12.0
Subtotals	272.000	348.0	93.4	141.5	56.1	145.6	101.5	160.0

CVBG ENHANCED AND BASIC PROGRAM COST COMPARISON SUMMARY—MILITARY NONAPPROPRIATED CONSTRUCTION REQUIREMENTS—Continued

[Cost in millions of dollars]

	Everett		San Diego		Long Beach		San Francisco	
	Basic program costs	Enhanced program costs	Basic program costs	Enhanced program costs	Basic program costs	Enhanced program costs	Basic program costs	Enhanced program costs
MWR support (NAF)	0	29.0	0	7.6	0	5.1	0	4.9
Family housing	0	0	79.7	105.3	131.7	132.8	151.1	111.1
Totals	272.000	377.0	173.1	254.4	187.8	283.5	252.6	342.0

Senator DENTON. Did GAO analyze existing Navy bases and determine that significant excess facilities exist for current ship and personnel loadings?

If so, how do you explain the Navy's MilCon request of more than $2 billion each year to address existing facility deficiences?

ANSWER. We did not make an assessment of shore facilities, rather we focused on waterfront capacity. We analyzed the Navy's berthing plans and capacity studies to determine how many ships the existing homeports could accommodate if fully occupied. We also obtained data from the Navy on the number of ships assigned to the homeports as of March 1985 and those planned for assignment in future years. We compared the capacity data with the ship assignment data to determine if additional ships could be accommodated at the homeports. This comparison showed that existing homeports have the waterfront capacity to accommodate additional ships.

Senator DENTON. Did GAO include in its estimates the costs of berthing the reserve ships that the Navy plans to put in its new homeports?

If not, why not?

Since those costs are in the Navy numbers, don't you have to incude them to be comparable?

ANSWER. As previously indicated, we did not develop complete cost estimates (for either active or reserve ships). Our analysis of berthing capacity, however, did focus on active ships since the strategic principles which drove the Navy's homeporting initiative applied primarily to the active fleet. Costs associated with homeporting reserve ships will be reflected in our final report.

Senator DENTON. Let's take the case of Mayport. The Navy says it is full with 22 ships. How does GAO propose to berth 32 ships there at one time?

The Navy says that there is a current housing deficiency in Mayport of more than 1,000 units. Wouldn't more ships make that worse?

Shouldn't costs of providing additional housing be included in your comparisons?

ANSWER. The berthing plan for 32 ships at Mayport was prepared by Navy facilities planners, not by GAO. In arriving at the 32 ships, the planners used triple nesting at some of the berthing areas. With regard to housing, our draft report recognized that accommodating the battlegroups at some existing homeports could result in additional construction costs, such as housing. We did not quantify these costs.

Senator DENTON. You report expresses concern about O&M cost increases as a result of strategic homeporting. What O&M savings were realized from the port reductions of the 1970s, and what does that experience suggest for the Navy's current proposal?

ANSWER. We do not have information on the operation and maintenance savings actually achieved by reducing the number of homeports. However, during congressional hearings in 1973, the Navy estimated that base consolidations, including closing four homeports and two shipyards, could result in five year savings of over $1 billion. The Navy's recent cost comparisons, which were furnished to us on April 17, 1986, indicated that O&M savings would result from the use of existing ports. For example, the estimates show that annual base operating support costs would be about $14 million at Staten Island as compared to about $2 million at Norfolk if the battleship group was based there.

Senator DENTON. In view of what the chairman, Senator Thurmond said, unless the Navy is given an opportunity today orally to interact with you, I would invite the Navy to respond in writing to GAO points made here.

Would you prefer that we let you do it or try to let the chairman have you do it in some other manner than in writing?

Admiral HUGHES. No, sir. We would be happy to do that and we will correspond with an answer to that point, sir.

[Navy comments follow:]

NAVY COMMENTS ON GAO POSITIONS

GAO POSITION

Conventional threat to U.S. ports is relatively low as briefed by knowledgeable Navy personnel.

NAVY COMMENTS

The Navy disagrees with this statement. During interviews with GAO, both Fleet Commanders, verbally and in writing, provided a classified assessment of the various threats to U.S. ports. These include mining, conventional cruise missiles, submarines, sabotage, and terrorism. Recent Soviet submarine operations in the Eastern Pacific and near the Straits of Juan de Fuca highlight this threat.

You only need to recount what the Soviets have accomplished in the last two decades—transforming their Navy from a coastal defense force into a blue water force—to understand Navy concern. During this period they have more than doubled their first line ships (nuclear submarines and major combatants) and increased tenfold their operations away from home waters, and in proximity to the United States and allied countries.

The Navy is aware of only one specific intelligence briefing it arranged for GAO. If that was their "Knowledgeable Navy Source", they took out of context a specific portion of the briefing to make a sweeping conclusion of the threat. The proper conclusion GAO should have drawn from the briefing is that increased Fleet concentration in our major ports could be threatened with greater effect by relatively limited numbers of Soviet forces, and that dispersal of our forces would require a quantum increase in the forces required for the Soviets to pose the same threat. That increase could be sufficiently great as to be unacceptable to the Soviets, thus deterring them from exercising certain options. In summary, dispersal severely complicates their task, increases their risks, lowers the potential pay off, and thus contributes to deterrence.

GAO POSITION

The benefits of battlegroup integrity under Strategic Homeporting are minimal because battlegroup integrity is hard to maintain regardless of where ships are homeported.

NAVY COMMENTS

While battlegroup integrity does exist in ports such as Norfolk and San Diego, it does not exist in other ports where the Navy has capital ships homeported; e.g. Mayport, Long Beach, and San Francisco. The strategic homeporting concept's ship mix adjustments in existing homeports will rectify this. But the Navy has an additional need to dispense more of its capital ships while maintaining battlegroup integrity. Planned homeporting of CVBGs and BBSAGs at Everett, New York, and on the gulf coast provides this necessary dispersal and enhances battlegroup integrity by collocating appropriate escorts.

GAO POSITION

GAO concluded that 95 additional ships could be put in existing homeports without any further waterfront construction (page V). Although Navy disagrees strongly with this conclusion, GAO states that it relied upon Navy data; e.g., CINCPACFLT (CPF) May 1985 Base Capacity Study, as the basis for its conclusion.

NAVY COMMENTS

The CPF study referred to by GAO is a baseline document which developed notional maximum capacities of west coast/Hawaii homeports using various berthing schemes and identified the waterfront costs (piers/wharfs/dredging) to achieve these maximum ship berthing capacities. GAO "selectively" utilized data provided. For instance, for San Diego, the GAO used the maximum port capacity figures from the study but neglected to include the $275 million estimated cost cited in the CPF study to repair/replace the piers/wharfs to meet minimum criteria in order to achieve the maximum berthing capacity.

GAO POSITION

Navy cost estimates for the Staten Island homeporting initiative are incomplete, disregard A&E input, and will not provide for full operating capability.

NAVY COMMENTS

The GAO report does not acknowledge information provided in the Navy's November 1985 Military Necessity/Cost Effectiveness Study. The Navy study, which was provided to Congress, is very detailed and identifies *all* construction costs (Mili-

tary Construction, Family Housing, and Nonappropriated Funds) required to provide a *full* operational capability for all ships and personnel to be assigned to the new homeports.

Costs developed by an A&E under contract to the Navy do not represent an approved Navy construction program or funding level. Although A&E firms utilize the Navy's Facility Planning Criteria (NAVFAC P-80) as a basis for developing requirements, the P-80 is only a guide and its criteria is to be considered as a maximum for facilities listed. These requirements are a starting point for project definition and continue to be scrutinized as planning proceeds. Cost differences cited by GAO are based on preliminary unvalidated requirements, which appeared in early A&E estimates but no longer are part of the planned programs for Staten Island. For example, the GAO report lists A&E project totaling $397 million for Staten Island. This list includes every project ever considered for New York, many of which have been deleted from consideration. These include Pier II, $32M; Dayton Manor Housing, $12.1M; SIMA Phase II, $10M; Commissary, $2M (will use Fort Hamilton); Confinement Facility, $6.6M (not required); CBU, $2M; and Small Craft Berthing, $8M.

There may be, however, as with all other existing military installations, desirable projects for which funding may be requested in the outyears. These projects, identified in the Navy's November Cost Study as "enhanced program", are nice to have but not essential and will have to compete within the total Navy backlog of projects at other installations.

GAO POSITION

Navy homeporting cost estimates relate only to construction costs and do not include estimates of the costs associated with outfitting and operating the new bases, although these costs are now being addressed by Navy.

NAVY COMMENTS

The Navy's November 1985 Cost Alternatives Study only identified construction costs since it was provided to Congress in response to SASC (MILCON Subcommittee) Report Language. However, the Navy had previously developed and provided to GAO on 23 April 1985 and 16 August 1985 estimates of O&M,N (Base Operating Support) and OPN funding requirements for Staten Island and Everett. As a follow-on effort, Navy also developed the notional O&M,N and OPN costs of homeporting the additional ships in existing homeports. The "delta" increase ranges from $6 to $10 million annually per site, depending on which alternatives are compared to the new homeports. This is compared to a $3.7 billion annual Navy budget base.

GAO POSITION

Navy cost estimates for Everett may be understated because of uncertainty over dredging costs.

NAVY COMMENTS

While the Navy's EIS addressed several environmentally safe methods of disposal of dredge spoils, the recommended method, deep dump with capping, is not the least cost solution but it is considered the preferable method environmentally. In fact, this is one of the most expensive methods. Therefore, should additional modeling studies currently being performed by the Corps of Engineers (COE) identify problems with this method (all current COE studies confirm Navy's proposed method) other options are available that would not raise the total dredging cost included by the Navy in its $272M cost estimate for Everett.

GAO POSITION

Navy's plans for the new homeport sites do not include training facilities.

NAVY COMMENTS

The statement is incorrect. Navy plans for each of the new homeports do include a variety of training facilities. For instance, at Staten Island the SIMA project includes 3,300 SF of training space, the Community Services Facility includes 11,000 SF of classroom space and the Headquarters Building includes 3,000 SF of conference/training rooms. In addition, the existing Armed Forces Reserve Center at Fort Wadsworth includes 17,000 SF of training space allocated solely to the Navy and

7,000 SF of joint use space. Further, the existing Navy Reserve Center at nearby Floyd Bennett Field includes 8,500 SF of training space.

The Navy's detailed response to the GAO report is attached for inclusion in the Congressional Record.

GAO POSITION

Navy has not demonstrated the need or benefits of Strategic Homeporting.

NAVY COMMENTS

The Navy's Strategic Homeporting Concept and its 5 principles evolved from almost a decade of continuous operational assessment of the capabilities and threats posed by the Soviets and other potential adversaries by various intelligence organizations, Fleet CINCs, and Chief of Naval Operations strategic planners coupled with extensive analysis and input from logistics and facilities planners to develop a master basing plan for the 600 ship Navy. This plan, which was developed in consonance with the Navy's Maritime Strategy, was formalized in an October 1982 classified document, titled, "The Strategic Homeporting Plan," which was provided to the GAO and subsequently briefed in detail.

The benefits of Strategic Homeporting are clear to the collective judgment of the top military professionals of the Navy, both past and present. During interviews with GAO, both Fleet Commanders enumerated the benefits of Strategic Homeporting and specifically stated they support the concept. Moreover, in testimony to Congress for the last three years, both the Secretary of the N .vy (SECNAV) and the Chief of Naval Operations (CNO) unequivocally enumerated the benefits and need for Strategic Homeporting.

Senator DENTON. We will now recess this hearing until the hour of 1:30 this afternoon.

[Whereupon, at 1:21 p.m., the subcommittee recessed, to reconvene at 1:30 p.m., the same day.]

AFTERNOON SESSION

The subcommittee met, pursuant to notice, at 1:37 p.m., in room SR-232A, Russell Senate Office Building, Senator Strom Thurmond (chairman) presiding.

Present: Senators Thurmond, Warner, Denton, Gramm, Stennis, and Bingaman.

Staff present: Robert E. Bayer, Russel E. Milnes, professional staff members: Russell C. Miller, research assistant; and Marie F. Dickinson, staff assistant.

Also present: Romie L. Brownlee, assistant to Senator Warner; John L. Roddy, assistant to Senator East; Allan W. Cameron, assistant to Senator Denton; Alan Ptak, assistant to Senator Gramm; Francis J. Sullivan, assistant to Senator Stennis; Jeffrey B. Subko, assistant to Senator Exon; Edward McGaffigan, Jr., assistant to Senator Bingaman; and Milton D. Beach, assistant to Senator Glenn.

Senator THURMOND. The committee will come to order.

Do the GAO officials have anything else to add, or have they completed their testimony?

Mr. THURMAN. Mr. Chairman, I think we have pretty much completed our presentation.

Senator THURMOND. We may have a few questions which we will ask you to respond to for the record.

Thank you very much for your testimony today.

Mr. THURMAN. Thank you, sir.

Senator THURMOND. This afternoon, we have Admiral Holloway and Admiral Bell.

Before we take them, we have four Senators who have asked to be heard, and we have to finish here by not later than 3 p.m.

So if the Senators could express themselves in about 5 minutes, anything further could be put into the record. I hope that would be agreeable.

I see Senator Gorton is here, the senior Senator from Washington State. Won't you come forward, Senator.

STATEMENT OF HON. SLADE GORTON, A U.S. SENATOR FROM THE STATE OF WASHINGTON

Senator GORTON. Mr. Chairman, I want to thank you for this opportunity to appear. I have a written statement which I have submitted for the record, and I would like to make brief remarks, which I believe I can limit to that 5 minute period.

Mr. Chairman, as members of this subcommittee know well, in fact better than I because of their responsibilities on the Armed Services Committee, the United States created as a goal a 600 ship Navy at the very beginning of this decade. That 600 ship Navy is

now almost an accomplishment. Its ships are either commissioned or are under construction.

What you are dealing with here today is a question that is related quite directly to the function of that 600 ship Navy. Again, those strategic considerations have occupied your time and your sober consideration for a number of years. But, of course, they do have to do with the interests of the United States in all of the oceans of the world, on both sides of this country, and in support of our many friends and allies throughout the world.

While Senator Jackson was a distinguished member of this committee, the Navy developed, I think quite sound, the idea of dispersed strategic homeporting, and has pursued that idea in an unwavering fashion ever since.

And, of course, that strategic homeporting concept is related to the vital functions of the 600 ship Navy, that our Navy be available to danger spots throughout the world wherever they may be.

So there are a number of justifications for the homeporting concept in the abstract. The strategic rationale is the most significant. It is highly desirable if not necessary, that we disperse our fleet among a number of ports—not perhaps so much for fear of an all-out nuclear war or an all-out nuclear attack, but because of the possibility of conflict which is less severe or even an attempt at sabotage.

The integrity of having battle groups, in the case of Everett, a carrier group together, the availability of an industrial base and logistic support for any such Navy task force is a second reason.

While I believe that the justification for each of the proposed home ports is almost self-evident, and certainly very strong, obviously the north Pacific Ocean is vital to the interests of the United States and is an overwhelmingly logical choice as a location for a home port for a Naval task force.

Puget Sound is 2 days closer to many of our allies and to danger spots in the north Pacific Ocean. The training grounds outside of the territorial waters of the State of Washington are the very waters in which this Naval task force is most likely to be utilized. So the training is very convenient and very effective.

So, generally speaking, the justification for a north Pacific home port is quite overwhelming.

There is one difference, of course, between this proposal and those in the Gulf and even those in the Atlantic, and that is that the choices which the Navy has for a home port, once it is determined that the north Pacific is appropriate, are rather limited. Only two places in the State of Washington were seriously considered, and enthusiasm for such a port in Seattle was not large.

Everett meets every qualification for such a port. It is on deep water. The people of the community welcome it. The cost of building facilities there is less than it would be in other places in Puget Sound. There are no narrow channels between Everett and the open ocean in which ships could be bottled up. There are no bridges between Everett and the open ocean which could be dropped by a sabotage or otherwise, blocking access to the sea on the part of the fleet.

It is, in other words, an overwhelmingly logical point for the location of the task force which the Navy has chosen to place there.

It is also a community which welcomes the Navy. To the best of my knowledge, it is to this point the only place in which a referendum on this issue has been held, and one in which that referendum was successful.

The city of Everett and the county of Snohomish and the State of Washington are making contributions in the form of land, of road construction, of utilities and the like, which are rather substantial, considering the size of the community itself.

But, most particularly, of course, we are dealing with a situation which has to do with the national defense of the United States. If there is not a strategic reason for dispersing our fleet, then, of course, we should not be engaged in this process.

With a 600 ship Navy with responsibilities all over the world, with the vital nature of the north Pacific Ocean, it seems to me, Mr. Chairman, that the strategic justification for going to this concept is overwhelming, and the choice of Everett as one of the places in which to place a task force is so obvious as to be self-evident.

With that, and with the more specific background that I have in my written statement, I want, once again, to thank you, Mr. Chairman, for your great help to me in this in setting up this hearing and in your willingness to listen to our case.

I should like to add to that my thanks to Senator Stennis, who has been such a good friend and such a role model for me since I have come here to the Senate and who has always been willing to listen to any of his colleagues make a case for what they believe to be important.

[The prepared statement of Senator Gorton follows:]

PREPARED STATEMENT OF SENATOR SLADE GORTON

Mr. Chairman: I appreciate the opportunity to testify before this committee on the vital subject of strategic homeporting. Although this program has been examined in considerable detail by the Navy and the Congress, some discussion continues regarding certain of its strategic and budgetary assumptions. Because strategic homeporting is an essential element of our maritime strategy and because its achievement will require large appropriations during a period of budgetary restraint, it is imperative that we resolve the remaining doubts surrounding this program. Although the implications for the military construction budget should not be ignored, I believe that the benefits of homeporting, deriving from sound principles of naval strategy, outweigh the costs. I offer my firm endorsement for homeporting in general and for the development of a carrier base at Everett, Washington in particular. My comments primarily address the advantages which it provides for our national security and the economic future which security makes possible.

Between now and the remainder of the century, we will witness the deployment of a larger and technologically superior American Navy. This new Navy, which is now in place or under construction, is the product of a decision made by the administration and the Congress five years ago. Following the Vietnam war, during which the Navy had been "worked hard and hung up wet," a broad consensus emerged behind expanding and modernizing the fleet. By the end of this decade the fleet will have been increased from 400 ships to 609, and our post-Vietnam posture of decline, neglect and maritime inferiority will have been corrected.

In 1981, President Reagan approved a program for the 600 ship Navy. The following year the Navy determined that fleet dispersal was essential to the survivability and effective employment of this new force structure. In 1984 the Navy began a site selection process, relying upon three criteria: Military suitability, local community and governmental support, and construction and operational costs. After reviewing eight sites over a year and a half, Everett was selected as the optimal location for the *Nimitz* carrier task force.

These decisions were reported to the Congress in 1985, and the following year, this committee authorized the first military construction project necessary to implement strategic homeporting. As recently as two months ago, Secretary Lehman, in

his posture statement, restated the integral link between the construction of new homeporting and the realization of the naval modernization plan.

We have had the benefit of another review of the merits of strategic homeporting, in the form of a study by the GAO. I believe that the Navy has successfully addressed the concerns raised by that study, as evidenced by its response and its testimony before this committee. The premise of the GAO critique, that budgetary concerns must play a prominent role in the homeporting decision, is valid. The Navy has cooperated with the Senate by delaying the expenditure of 1986 monies appropriated for homeporting construction while further review was undertaken. However, the GAO recommendation in favor of further concentration of the fleet as a means of conserving funds, is penny wise and pound foolish. The construction of new bases and the associated expansion of our naval industrial base, is the proper tradeoff between an ideal military solution and budgetary realities. Just as we now look back with pride upon the decision to build the 600 ship Navy, so should we look ahead to the proper means for securing and deploying that Navy. Further delay in providing for the enhanced survivability and operational capability made possible by fleet dispersal should be avoided. It is time for a final decision on this project.

Strategic homeporting was developed in response to assessments of the potential threats to American national security, and the role to be played by the 600 ship Navy in meeting those threats. As a Senator from the State of Washington, I am especially interested in that aspect of our maritime strategy which looks to the western Pacific. I believe that the proposed dispersal of naval forces to San Francisco, Pearl Harbor and Puget Sound will play a vital role in the realization of that strategy in this increasingly important region.

For reasons of history and economics, west coast States regard the Pacific rim nations as important to their future. However, the same can be said for the United States as a whole. America's future is closely tied to developments within the Pacific rim, which is home to over half of the world's people.

A casual glance at the economy of the Pacific rim and its links to our own economy underscores the significance of a maritime strategy which secures freedom of navigation between the Straits of Juan De Fuca and the Straits of Mallacca. The nations of this region include six of the ten most populous in the world. They live in what most economists agree is the newest and most dynamic center of world commerce, industry and wealth. Since 1960, the market economies of East Asia have experienced average annual growth rates of 6% or more per capita, the highest by far of any region in the world. By the end of the century, less than ten years after the scheduled completion of the carrier base at Everett, the western Pacific rim economy will be comparable to western Europe or North America. American capital and trade play a critical role in this phenomenon. Our direct foreign investment in the developing states of this area nearly doubled between 1979 and 1983, jumping from $7.4 billion to $13.3 billion. These same developing countries purchase over 11% of our exports. And Japan, the most developed nation in Asia, imported nearly $12 billion in American industrial products in 1984.

The natural resource base of East Asian economic expansion presents further evidence of the need for secure sea lanes in the Pacific. These countries depend heavily upon petroleum and they are quite vulnerable to cutoffs in supply. At the same time, they are the source of minerals which fuel prosperity in this country and the rest of the world. The Asian Pacific countries rank among the top ten world producers of a number of hard minerals and metals, including bauxite, iron, nickel, and tin. In all these resources, they account for more than 25% of total world supplies and at least an equivalent percentage of world economic reserves.

The economic and political future of the Pacific rim countries, in which the United States has an important and growing stake, is dependent upon an accessible Pacific Ocean. The security of the Pacific shipping lanes will be determined by the balance of forces between the Soviet and American navies. The Soviet Pacific fleet, which the Chief of Naval Operations has warned has more ships than our entire Navy, is the largest threat to that balance. Our maritime strategy, including the dispersal of naval forces along the Pacific coast, must account for Soviet ambition and capabilities in this region.

Fleet dispersal presents a double challenge to the Soviet navy. It creates contingencies which compound the problem facing Soviet naval war planners. By complicating their targeting, we reduce the chances that the Soviets will attempt to use their Pacific fleet to jeopardize the sea lanes. Strategic dispersal is in this sense an ally of deterrence.

At the same time, dispersal gives us a critical advantage should deterrence fail. In the event of conflict in the Pacific, we must be capable of attacking the Soviet Union's maritime rear. Such an offensive is possible only if our bases are secure and

strategically located. An American Navy with half of its ships concentrated in three homeports, only one of which faces the Pacific coast, cannot provide that base. It is especially essential to shield the Trident submarine base already located in Puget Sound. The Soviet maritime rear, which will become the object of our attack during an extended conflict, includes the Sea of Japan, and the Arctic Ocean, extending to the Bering Strait and the Canadian Arctic passages. Basing a carrier battle group on the North Pacific puts American ships two to three days closer to these critical areas of operation.

It has been argued that the addition of new naval bases, while certain to complicate Soviet war planning, does not present them with a significant additional problem. In the event of a nuclear exchange, it is assumed that the new bases will simply be added to the list of targets to be taken out in the first phase of an attack. None of the supporters of homeporting pretends that dispersal of the fleet eliminates all risks to the fleet, whether from nuclear or terrorist attack. But clearly it will substantially reduce the threat that large numbers of ships clustered in a small number of ports will be disabled. And we should take care not to undervalue the contribution which dispersal makes to nuclear deterrence. The Soviets cannot be pleased by the plan to disperse our fleet, and that element of discouragement may be critical.

In addition, the history of conflict since the Second World War makes clear that conventional warfare continues to be a fact of international political life. In the best of circumstances, a show of force, of the kind made possible by aircraft carriers, is sufficient. When that fails, the projection of conventional naval power may be necessary. Our success in these endeavors will be a function of the advantages offered by strategic homeporting. Our forces will be able to train together in the North Pacific prior to combat and to combine forces and arrive at the scene of combat more quickly.

The addition of new bases in support of the 600 ship Navy and our maritime strategy is further enhanced by the assistance to be provided by the Everett area and the State of Washington. Washington has a long and rich history of support for the Navy, support which is again forthcoming despite the economic difficulties which we have experienced recently. I draw to your attention the contributions which have been made to minimize the impact associated with the planned construction of this new facility. The Port of Everett and the city of Everett have combined to offer $9 million in road construction money, and an additional $10 million to fund other impact related projects such as park and library improvements. The base will also receive the benefit of over $109 million in recently completed improvements to the water and sewer system of the local area. The Governor of Washington has initiated several base related projects, such as transferring State lands to the Navy for the homeport site and the provision of State monies for community planning. A State interagency program has been assembled to identify other State actions necessary to accommodate this project, and it is anticipated that a homeporting legislative package will be passed by the next State legislature.

The appearance of Senators Evans and me before this committee is a demonstration of the commitment of Everett and the State of Washington to the homeporting of the *Nimitz* at Everett. The city has voted on this issue and the mandate for the base is clear. I thank the members of the committee for their attention and I urge their support for the homeporting project.

Senator THURMOND. Thank you very much, Senator Gorton.

Senator STENNIS. Mr. Chairman.

Senator THURMOND. Senator Stennis.

Senator STENNIS. I would like to thank the Senator for his testimony.

He shows a remarkable knowledge of the problem and the situation, and it is helpful to me to hear him explain these points so clearly and forcefully.

I want to commend him, and I would thank him for his kind personal remarks.

Senator THURMOND. Senator, some of the places being considered have said they would make some contributions. Is this city and is your State in a position to make any contributions? Didn't you mention that they were giving some land?

Senator GORTON. Mr. Chairman, in one sense, of course, as the Senators from Alabama and Mississippi are particularly aware in connection with gulf coast ports, there were a large number of potential locations and, therefore, and extremely spirited bidding process.

I believe that the argument for strategic home ports on the gulf coast is as great as the argument for such ports in Puget Sound and the Pacific Northwest. But we were, very bluntly, in a totally different situation.

There was not a bidding war in the Pacific Northwest. Only Puget Sound is suitable for the location of these ships. The city of Seattle, for various and sundry reasons, did not have a large interest in it, and the city of Everett has.

In comparison with New York City, for example, and in comparison with most of the people on the gulf coast, Everett is a small community, with a population of 50,000. It has not bid unrestricted money for this favor. It has, however, invested a tremendous amount of money in public utilities, which are available for a strategic home port, and the physical facilities which will be used for the construction of the port itself, and has offered a specific monetary contribution to the road network, which will be necessary to facilitate this port.

In addition to that, of course, because Puget Sound has such deep water, the costs of initial dredging and the costs of maintaining the port from the perspective of dredging will be much less there.

I believe, and I have to emphasize, that this is a project which should stand on its merits from the point of view of strategic considerations of the Navy.

If these strategic considerations do not call for new home ports, bids, in effect, should be irrelevant. If it is necessary to do so, the Navy should, of course, get the best deal it possibly can. All of us want the taxpayer to get the maximum amount of money per dollar, especially in a time of constrained budgets.

But I believe that, under the circumstances and given the size and fiscal condition of the city of Everett and Snohomish County, that it has, indeed, made a maximum contribution to this process.

Senator THURMOND. Senator Denton, do you have any questions?

Senator DENTON. No, Mr. Chairman, thank you.

I am glad we had Senator Gorton here. His work on any project is always very thorough. I am glad he gave us the benefit of his observations.

Senator GORTON. Thank you.

Senator THURMOND. Thank you very much, Senator. We are glad to have you with us.

Senator GORTON. Mr. Chairman, I appreciate this opportunity to speak to you today.

Senator THURMOND. Senator Moynihan, would you come around?

We have asked the Senators if they could give us their summary statements in about 5 minutes.

STATEMENT OF HON. DANIEL PATRICK MOYNIHAN, A U.S. SENATOR FROM THE STATE OF NEW YORK

Senator MOYNIHAN. Yes, sir, Mr. Chairman. I would be happy to do that.

I can be very concise in this matter. I would like to speak in the same mode in which Senator Gorton spoke. It seems to me that the decision, the homeporting decision, is a strategic decision to be made by the Navy on no merits other than the war-fighting capacity of the fleet. We don't care where it goes or if it goes. If the decision on the war-fighting capacity of the fleet is that we need to disperse, then disperse—and disperse to wherever it is thought best. If that happens to be the Port of New York, in this case, which is not an unusual choice—it is the largest of the eastern shore harbors—fine. If you have a better one, fine, too.

My concern is whether the strategic decision is made.

I would say that New York State does not have a large military presence. When I first came to the Senate, sir, I did make one proposition. President Carter was thinking of moving a division out of Korea. At that time, I spoke up and I said, with more premonition than perhaps I knew, that if you looked at the development of the U.S. Army in its permanent locations in the United States, you would think we were planning to fight our next war in Nicaragua.

I said, you know, there are places in the world where it snows, where it freezes, even, and gets cold, and it would do no harm to have at least one division located in a cold climate—for just plain, military reasons. Indeed, we have since reactivated the mountain regiment at Fort Drum, NY. I think it is good military sense.

I make no claims as a naval strategist. But I served in the same Navy in which the *Iowa*-class battleship first served, and I have served in these waters.

If the purpose of the surface action group is to deploy early into the Greenland-Iceland-United Kingdom gap—which Admiral Denton will know well—then you get yourself a 1-day advantage over Norfolk, in steaming time.

If you made that decision and you have some idea about where you are going to engage, you clearly ought to have a home port closer to that point than otherwise, or so I would think.

With regard to how much time you are going to spend at sea, I don't think you spend more than 60 percent of your time at sea, or 70 percent.

Now I am not here to make military decisions, sir, but I am here to say that it is clear enough to me why Admiral Watkins and others would want to disperse the fleet. As I learn more about the development of mines and mining techniques I can see why. I would not want to have a third of the Atlantic fleet inside of Norfolk harbor these days.

Senator WARNER. Would the Senator yield and agree to inside any harbor, not necessarily in Norfolk, you didn't mean to single out Norfolk.

Senator MOYNIHAN. Well, sir, in sailing out of Norfolk you go through some very narrow straits.

Senator WARNER. We have both done that many times.

Senator MOYNIHAN. As you will remember, even the *Missouri* went aground once.

Some harbors are more open. As a matter of fact, quite literally, the homeporting you are talking about for the *Iowa* is beyond the narrows in New York Harbor and you have a better chance. That is all I mean.

But I agree with you, sir.

Senator WARNER. The Senator's principle was that, from a strategic viewpoint, concentration of naval force in any one point that is vulnerable to mining is a consideration that we must remember.

Senator MOYNIHAN. Yes.

I am here to say that New York is willing to help. We will lease you the land for $1 a year. We will welcome the fleet. We have been welcoming the fleet for two centuries, and we hope to continue to do so.

There is a problem of whether you have to build an officers' club. We have an officers' club at Fort Hamilton, and we have plenty of substitutes for officers' clubs. We like sailors. [General laughter.]

Senator WARNER. What about an enlisted club?

Senator MOYNIHAN. I did say that we like sailors.

Leonard Bernstein wrote an opera about them. It's called "On the Town." It has that song, "New York, New York, it's a helluva town. Libertytown." [General laughter.]

Senator THURMOND. Are there any other questions? We have to move on.

Senator DENTON. Lake Charles is a good libertytown, too.

Senator WARNER. Mr. Chairman, we are privileged to have the distinguished senior Senator from New York here to state his case. He is modest. But he has a career of great distinction in the United States Navy in World War II and his wisdom on this question has been helpful.

Thank you, Senator.

Senator MOYNIHAN. Thank you, sir.

Senator DENTON. Mr. Chairman, may I make one comment?

Senator THURMOND. Yes, sir.

Senator DENTON. I would want to register my admiration for Senator Moynihan in that he placed his principal emphasis on the need in terms of strategy and the need in terms of national defense improvement. You might have appreciated my comment earlier, Senator Moynihan, when I said if you want to do it purely on straight economics, as to cost, without considering the matter you brought up of the proximity to that important sea lane, thrusting in the direction which you accurately spoke about, why you can go back to Calvin Coolidge. He suggested going about it in a pure cost-estimate way and said let's just build one airplane for the Army Air Corps and let the pilots just take turns flying it.

We just should not go at it that way.

Now, I admit, they might try to pry a little bit more out of New York State from what I have heard, but, nonetheless, I believe all of us should think about what would be the cost of not doing this if we went into a war or were caused to get into an unfortunate strategic position in which we would have to yield some interest because we had not done enough.

I commend you for your characteristic accuracy of perception of the kernel of the issues.

Senator MOYNIHAN. Mr. Chairman, if I might respond to the Admiral's statement, New York does have one vested interest here, and we might as well be clear about it. The *Iowa* class ships are the most beautiful fighting ships that ever went to sea, and we would like to have one in our lower harbor.

Senator THURMOND. Thank you very much, Senator. We are very pleased to have had you with us.

Senator MOYNIHAN. Thank you, sir.

Senator THURMOND. Senator D'Amato, would you please come around.

Senator, if you could present your statement in about 5 minutes, we would appreciate it.

STATEMENT OF HON. ALFONSE M. D'AMATO, A U.S. SENATOR FROM THE STATE OF NEW YORK

Senator D'AMATO. Mr. Chairman, with that note and that admonition, let me ask that my prepared statement be accepted for the record.

Senator THURMOND. Without objection, we will put your entire statement in the record.

Senator D'AMATO. Thank you very much.

Mr. Chairman, first of all, let me thank you and the committee for holding these hearings. Let me thank you for your stewardship and for your leadership and for your past support of the concept of homeporting. As a strategical and important advancement as we build a new Navy, a Navy capable of coping with the threats that the Soviets now bring, the need for homeporting, Mr. Chairman, is clear.

The dispersal of our Naval forces complicates the Soviet's conventional warfare targeting, while allowing us better flexibility to respond to certain geographic threats.

The ability to improve the survivability of our fleet is more than worth the $200 million or so that is the cost of expanding existing home ports.

What we have here is a choice: Do we go forward with an intelligent, comprehensive program, that adds approximately $210 million? Or do we literally stuff these ships into existing ports that will be vulnerable?

You have had numerous testimony from experts, including Admiral Watkins, who has indicated that he believes that the additional cost is well worth the concept of preserving the strategic importance of having the diversity of homeporting.

Mr. Chairman, I am going to summarize my remarks in the concluding paragraph. It is a short one.

In addition to the important strategic considerations, placing the home ports in more diverse geographic locations will permit a better training environment, as well as allow the existing industrial capacities at the proposed sites to be enhanced. So, training is enhanced, and the industrial complex, which is so important to this Nation, is enhanced. But, another subtle and equally important aspect of strategic homeporting—and I might say I don't believe it

is having the beauty of the ships in the harbor that are important, but, coming right to nub of this—is to increase by way of popular support the consensus of that America does, indeed support a strong military, that which is necessary to defend this Nation, to keep it free, to keep other nations free.

That popular support is enhanced by having this dispersal, by allowing citizens throughout this great land of ours to be part and parcel of that efffort to keep a strong and free America.

So, Mr. Chairman, let me suggest to you that there are some very real benefits by this dispersal—strategic and military, as well as galvanizing popular support throughout this Nation. Popular support, because we share both the burden of providing our Nation's defense.

Mr. Chairman, I thank you for giving me the opportunity of appearing before you today.

Senator THURMOND. Senator, we are glad to have you with us. I congratulate you on your interest in this matter.

[The prepared statement of Senator D'Amato follows:]

PREPARED STATEMENT BY SENATOR ALFONSE D'AMATO

Mr. Chairman, thank you for giving me the opportunity to testify before your committee today. We are addressing the strategic homeporting plan, the Navy's plan to disperse its 600-vessel fleet into additional ports on the East and West Coasts and in the Gulf of Mexico. This plan has come under considerable scrutiny because of its cost. Critics of this plan question whether it would not be cheaper to berth these new ships in existing Navy ports.

Mr. Chairman, since 1981, Congress has supported efforts to modernize our Armed Forces. Many of the proponents of the Navy's plan to increase the number of Naval vessels to 600 are the very people who want to locate them—unwisely—in existing ports. The decision to reduce the number of homeports in 1973, coming at the end of the Viet Nam hostilities, was made for fiscal, not strategic, reasons. The decision also was based on a then current—but now outdated—notion of a lower Soviet threat.

Last month, Secretary Lehman and Admiral Watkins testified before the Senate Appropriations Subcommittee on Defense. Both men strongly defended strategic homeporting. In response to a question I raised, Secretary Lehman and Admiral Watkins expressed their deep concern over the practice of triple nesting, or the berthing of three ships side by side, that the GAO report cites as one way that the Navy could save on costs. Secretary Lehman stated that "the Soviets now have a fleet which is deployed off our shores with the ability to mine and to fire conventional cruise missiles that gives an element of vulnerability to triple berthed and closely packed ports that were not there some years ago." Mr. Chairman, we should never forget the lesson of Pearl Harbor where our entire Pacific fleet was concentrated in one port.

The Soviet Union has significantly improved its naval capabilities since 1973. They have doubled the number of major combatant ships and have significantly increased their mining and long-range aviation capabilities. Although our defense budget is under cost-control pressure, we cannot endanger our naval forces by basing our ships in just a few ports. To do so would greatly increase the risk to our ability to keep open vital sea lines of communication to Europe and to execute our maritime strategy. Strategic homeporting does not eliminate this risk, but it will substantially reduce the chance that large numbers of our Navy ships will be trapped or attacked in port or will be unable to return from sea for repair and resupply.

Dispersing naval forces complicates Soviet conventional warfare targeting, while allowing us better flexibility to respond to certain geographic threats. While strategic homeporting will cost close to $200 million more than basing these ships in existing ports, the cost of just one ship, an *Arleigh Burke*-class destroyer, for example, is many times more than this.

In addition to these important strategic considerations, placing the homeports in more diverse geographic locations will permit better training environments, as well as supporting and preserving existing defense industrial capabilities at the proposed

sites. Another subtle, but equally important, aspect of strategic homeporting is that, by increasing the areas which economically benefit from naval facilities, popular support for our Armed Forces should increase as well. Mr. Chairman, to put it simply, strategic homeporting helps build support for a strong national defense.

I commend Secretary Lehman and the Navy for the strategic homeporting initiative. He has worked hard to find the best locations for his ships and at the best prices. For example, New York City has agreed to pay for the dredging costs and part of the berthing costs, for a total $15 million commitment. I am proud of the way the Navy and New York have worked together on this project.

Understandably, Mr. Chairman, the oversight committees in Congress want to ensure the wisdom of the strategic homeporting concept. I believe it is vitally important that the Navy sufficiently justify strategic homeporting before the Armed Services Committees and the defense appropriation committees in the House and Senate.

The General Accounting Office has released draft editions of its report on homeporting to interested Members of Congress. It raises many questions on the costs and strategic value of homeporting. The Navy has released its own draft report in rebuttal to the GAO report. I am satisfied that the Navy has fully addressed the problems of homeporting cited by GAO.

I also would like to point out that the Navy's rebuttal to the GAO draft report on homeporting contained a classifed assessment of the terrorist threat at the proposed new homeports compared to existing ports. This report concluded that the terrorist threat to the proposed new homeports was no greater than to any other existing Navy port facility at the United States. This means that the idea of creating new homeports should not be abandoned because of security threats.

Costs are only one aspect of homeporting. The overriding importance of dispersing the fleet is increased survivability. We should never let that fact be overcome by questionable budget arguments.

Again, Mr. Chairman, I sincerely appreciate this opportunity to address your committee on this most important matter.

Senator THURMOND. Thank you, Senator D'Amato.

Senator Bingaman.

Senator BINGAMAN. I really had no questions, Mr. Chairman.

I am glad to see Senator D'Amato here, as always.

I appreciate his appearance.

Senator THURMOND. Senator Denton.

Senator DENTON. Senator D'Amato is nothing, if not articulate. He made a very strong statement and I appreciate that.

Senator THURMOND. Senator Stennis.

Senator STENNIS. Mr. Chairman, I have nothing further except to say that the Senator made a good statement and I am glad I was here in time to hear it.

He is on duty, as always, and we are grateful to him.

I thank the Chair.

Senator THURMOND. Thank you very much, Senator.

We are very pleased to have had you with us.

Senator D'AMATO. Thank you, Mr. Chairman.

Senator THURMOND. Is Senator Evans here? I understood he was coming.

[No response.]

If not, we had better move on.

Is Admiral Holloway here?

Admiral HOLLOWAY. Yes, Mr. Chairman.

Senator THURMOND. Admiral Holloway, would you have a seat at the witness table.

Admiral, we will put your entire statement in the record. Could you give us the thrust of it in just a few minutes.

Admiral HOLLOWAY. I can do it in less than 5 minutes, Mr. Chairman.

Senator WARNER. Well, Mr. Chairman, I just do not think we want to do it in less than 5 minutes. This is too important. I would hope that the Chair would afford the witness an adequate opportunity to go into this subject.

Senator THURMOND. If he needs more than that, we will give it to him.

You may proceed.

STATEMENT OF ADM. J.L. HOLLOWAY III, USN (RET.), FORMER CHIEF OF NAVAL OPERATIONS

Admiral HOLLOWAY. Thank you, sir.

I very strongly support the concept of strategic homeporting and consider that the Navy's plans to implement this philosophy are both imaginative and pragmatic.

My exposure to this concept is not new. It was being discussed in the Pentagon in 1958, when I first reported to the Office of the Chief of Naval Operations for my first tour of duty in Washington. At that time, it had the full endorsement of the Navy's farsighted and strategic thinkers. However, the Navy's heavy involvement in a series of worldwide crises in the late 1950's and early 1960's preoccupied their efforts and tended to push long-term strategic initiatives into the background.

From 1964 until the end of the decade, the war in Vietnam continued to preempt our efforts in the long-range planning business, and as we disengaged from Southeast Asia, the Navy, along with the rest of the Defense Establishment, found itself confronted with a new set of strategic issues.

While we had been preoccupied in Vietnam, the Soviets had accomplished giant steps in the improvement of their military capability that threatened to overtake us in the areas of Naval forces and strategic nuclear arms.

In the early 1960's, the Soviet navy had been little more than a high-grade coastal defense force, designed mainly to protect the flanks of their massive land armies. Ten years later, when we were able to turn our attention to threats other than Vietnam, we found ourselves challenged by a Soviet blue water navy capable of extending Soviet military influence into areas remote from the Russian homeland. Concerns at that time were being expressed by the leadership of the U.S. Navy that our position of maritime superiority was actually in doubt.

Since that time, the presence of firstline Soviet naval units in waters off our own coast has become routine. Soviet task forces conduct operations in the Gulf of Mexico. They pay port calls to Cuba

Soviet naval reconnaissance aircraft fly the length of our east coast to refuel in the Caribbean and then retrace their track to Soviet north fleet bases.

The capability of all Soviet maritime forces to deploy to the vicinity of our own continental naval bases has been repeatedly and graphically demonstrated.

The most serious Soviet naval threat comes form their submarines, especially their nuclear powered types and those equipped with antiship cruise missiles.

We, our intelligence people, give the Soviet navy a very substantial capability to deploy their submarine force to patrols off the coasts of the United States.

Unless we disperse our fleet among more than just one or two major fleet locations, we give real assistance to the Soviet submarine force by inviting them to concentrate in the vicinity of one or two of our ports on each coast, to trail our ships deploying to operating areas in times of crisis—short of general war—and to interdict our forces in time of war.

We, as a Nation, have clearly and positively established the requirement for a 600-ship Navy as an essential component of our national strategy of a forward based collective strategy. Unless we take pains to base this 600-ship Navy in a prudent system that takes advantage of the unique geography and special industrial capabilities of the United States, we could fall far short of realizing the full potential of the fleet.

It is essential that we capitalize on our investment in our new Navy, which is the most capable and ready in our history.

We must do it by a strategic basing system that reduces its vulnerability in the event of a conflict with the Soviets, improves its responsiveness by stationing forces in locations with immediate access to critical operating areas, and enhances the readiness of the fleet by basing units in their organizational operating structure.

There is an additional benefit that I will not attempt to discuss in detail because your committee is especialy well aware of its ramifications.

There has been much concern displayed in the Department of Defense as well as in the Congress over the diminishing industrial base that would be available to support the Armed Forces during a mobilization for a general war. A dispersal of the fleet into a strategic homeporting pattern would broaden the mobilization industrial base in a realistic and efficient manner.

Clearly, a system of strategic homeporting has significant advantages in terms of military effectiveness and industrial readiness. A question that your committee must face is, is this concept worth the additional cost?

In my opinion, this country cannot afford not to move quickly into a system of strategic fleet basing.

I would point out that the net cost of such a program would be less than half of the cost of a patrol frigate.

That ends my statement, Mr. Chairman.

[The prepared statement of Admiral Holloway follows:]

PREPARED STATEMENT OF ADM. J.L. HOLLOWAY III, USN (RET.)

I very strongly support the concept of strategic homeporting and consider that the Navy's plans to implement this philosophy are both imaginative and pragmatic. My exposure to this concept is not new. It was being discussed in the Pentagon in 1958 when I reported to the Office of the Chief of Naval Operations for my first Washington tour of duty. At that time it had the full endorsement of the Navy's far-sighted and strategic thinkers. However, the heavy involvement of the fleet in a series of worldwide crises in the late 50's and early 60's (the landings of Marines in Lebanon, the confrontation with the Chinese communists in the Taiwan Straits, the Cuban missile crisis, the injection of forces into the Dominican Republic, the Suez affair, and the Laotian prelude to the conflict in Vietnam) preoccupied the Navy's efforts and tended to push long term strategic initiatives into the background. From 1964 until the end of the decade, the war in Vietnam continued to preempt our efforts in

the long range planning area, and as we disengaged from Southeast Asia, the Navy, along with the rest of the Defense establishment found itself confronted with a new set of strategic issues.

While we had been preoccupied in Vietnam, the Soviets had accomplished giant steps in the improvement of their military capability that threatened to overtake us in the areas of naval forces and strategic nuclear arms. In the early 60's, the Soviet navy had been little more than a high grade coastal defense force, designed mainly to protect the flanks of their massive land armies. Ten years later, when we were able to turn our attention to threats other than Vietnam, we found ourselves challenged by a Soviet blue water navy capable of extending the Soviet military influence into areas remote from the Russian homeland, and concerns were being expressed by the leadership of the U.S. Navy that our position of maritime superiority was in jeopardy.

Since that time, the presence of first line Soviet naval units in waters off our own coast has become routine. Soviet nuclear powered submarines patrol off our coast; Soviet task forces conduct operations in the Gulf of Mexico and pay port calls to Cuba; Soviet naval reconnaissance aircraft fly the length of our east coast to refuel in the Caribbean and retrace their track to Soviet North Fleet bases. The capability of all Soviet maritime forces to deploy to the vicinity of our own continental naval bases has been repeatedly and graphically demonstrated.

The most serious Soviet naval threat comes from their submarines, especially their nuclear powered types and those equipped with anti-ship cruise missiles. We must give the Soviet navy a very substantial capability to deploy their submarine force to patrols off the coasts of the United States. Unless we disperse our fleet among more than just one or two major fleet base locations, we give real assistance to the Soviet submarine force, by inviting them to concentrate in the vicinity of one or two of our ports on each coast, to trail our ships deploying to operating areas in time of crisis, and to interdict our forces in time of war.

We as a Nation have clearly and positively established the requirement for a 600 ship Navy as an essential component of our national strategy of a forward based collective strategy. Unless we take pains to base this 600 ship Navy in a prudent system that takes advantage of the unique geography and special industrial capabilities of the United States, as could fall far short of realizing the full potential of our fleet. It is essential that we capitalize on our investment in our new Navy—the most capable and ready in our history—by a strategic basing system that reduces its vulnerability in the event of a conflict with the Soviet, improves its responsiveness by stationing forces in locations with immediate access to critical operating areas, and enhances the readiness of the fleet by basing units in their organizational operating structure.

There is an additional benefit that I will not attempt to discuss in detail, because your committee is especially well aware of its ramifications. There has been considerable concern displayed in the Department of Defense as well as in the Congress over the diminishing industrial base that would be available to support the Armed Forces during a mobilization for a general war. A dispersal of the fleet into a strategic homeporting pattern would broaden the mobilization industrial base in a realistic and efficient manner.

Clearly a system of strategic homeporting has significant advantages in terms of military effectiveness and industrial readiness. A question that your committee must face, is this concept worth the additional cost? In my opinion, this country cannot afford not to move quickly into a system of strategic fleet basing. I would point out that the total cost of such a program would be less than the price of a single modern cruiser.

Senator THURMOND. Admiral, we appreciate your being here.

I have a few questions that I want to propound to you.

Given the Soviet ability to strategically target multiple targets simultaneously, some feel there is no advantage of dispersing ships to additional fixed geographic ports.

What are the demonstrable benefits?

Admiral HOLLOWAY. Mr. Chairman, I am going to presume first, that your statement refers to nuclear weapons with multiple warheads.

My entire presentation was based on a conventional war. It is my belief that if we were to have a general nuclear exchange with the Soviet Union, all fixed targets in the United States, whether they

be ships, airfields, or military bases, none is going to survive. The numbers of weapons that we both have means that everything that is fixed is going to be targeted by both sides.

My comments relate to a conventional conflict with the Soviet Union. In this case, when the crisis begins to mount and it appears that we may be approaching a war or showdown, their submarines operating off our ports will be able to trail our deploying forces and track them as they go to sea.

This can only be done effectively by one of their submarines committed to one of our units. It is a very expensive ratio and we make it very easy for the Russians if we just have one or two sortie points.

Senator THURMOND. With our limited mine countermeasure capability, ports will be swept in serial fashion. Would geographic dispersal to new ports delay fleet breakout by creating more sites that would have to wait in line to be swept for mines?

Admiral HOLLOWAY. Mr. Chairman, I do not consider that our coastal minesweeping capabilities are serial.

No. 1, if we double or triple the number of ports where the fleet is based, that doubles or triples the Soviets' problem in laying mines.

Let me explain. The Soviets will not lay mines outside of our ports by minelaying ships. They will have to use their submarines, and they don't have a lot of submarines available for minelaying.

When you triple the Soviets' problem of putting in minefields around our ports, I think you give them an extraordinarily difficult task.

Our task is relatively simple, because we can base coastal minesweepers, that are quite inexpensive, right at those base locations.

If we are going to sweep with helicopters, those helicopters can be operated out of the bases located at those ports.

In other words, for every additional base we create, we are going to force Soviet nuclear powered submarines to steam 5,000 or 6,000 miles to lay the mines, and we are only going to have to go 4 or 5 miles to sweep them. We are going to be using wooden ships and they are going to be using nuclear powered submarines.

To my thinking, the advantage is totally on our side.

Senator THURMOND. I notice you mentioned submarines.

How do we stand in comparison with the Soviets in numbers of submarines?

Admiral HOLLOWAY. In numbers of submarines, Mr. Chairman, according to my last count—and I don't keep up with it as much as I used to when I appeared before you on a regular basis—I think that the differential is about 3/1. They may have 2½ to 3 times as many submarines as we do in total numbers.

However, I think we make up in quality what we lack in numbers.

Senator THURMOND. Admiral, what percentage of our ships are normally at sea, and how much warning do we expect before the breakout of hostilities?

Admiral HOLLOWAY. We use some thumb rules, Mr. Chairman, that go like this. Of the active fleet, approximately one-third is forward deployed. In actual numbers, about one-third of the ships are located in the Mediterranean, in the Indian Ocean, in the Western

Pacific, or in transit. A second third of the fleet, is ready for combat, but operating out of U.S. bases. The other third is undergoing maintenance normally in overall or in basic training.

In other words two-thirds of the fleet at any given moment is capable of going to sea and is combat ready.

Of that two-thirds, I would estimate that perhaps half of them are actually at sea at any one time.

Senator THURMOND. Thank you very much.

We appreciate your presence here. You have a very fine record in service. You did a fine job as Chief of Naval Operations. And I remember your great father, who also was a very able and fine admiral, too.

Admiral HOLLOWAY. Thank you, sir.

Senator THURMOND. The distinguished Senator from New Mexico is next.

Senator BINGAMAN. Thank you very much, Mr. Chairman.

Admiral, we have this concern about strategic home porting in order to disperse the fleet.

You are talking about dispersing the surface ships of the Navy, as I gather. I know of no intention on the part of the Navy to disperse ballistic missile or attack submarines. Is that correct?

Admiral HOLLOWAY. Senator, I think I was addressing the principle of strategic home porting and strategic basing. I don't know what the Navy's detailed plans are. I think that the ballistic missile force has, really, to a large degree, already been strategically dispersed. It was the first part of the fleet to be so. There are not a lot of strategic submarines, and they are pretty well dispersed at sea at the present time, compared to the rest of the ships in the fleet.

Senator BINGAMAN. So you do not see any need to do further dispersal of the submarines?

Admiral HOLLOWAY. My own view is that it would be important to further disperse ballistic missile submarines. But I don't think the advantage is as great as for the rest of the fleet for the reason that we maintain a very much higher percentage of ballistic missile submarines deployed at all times.

The exact number, as this committee well knows, is classified. But I would say that the actual number of ballistic missile submarines at sea at any given instant is probably more than twice the percentage of surface ships at sea at any given instant.

So, the need to further disperse ballistic missile submarines is not as pressing.

Senator BINGAMAN. Does that follow for attack submarines as well?

Admiral HOLLOWAY. No; it does not follow for attack submarines because they do not have the blue and gold crewing concept. They do not spend as much time out of a given year deployed.

Senator BINGAMAN. So you do think there is a problem that should be addressed with regard to dispersal of attack submarines?

Admiral HOLLOWAY. If it were me making the decisions, I would be looking at what could be done for some further dispersal of attack submarines.

I am not familiar with the exact plans, Senator Bingaman. I have not attempted to stay up with the current CNO in the knowl-

edge of what are the operating forces and the programs. But in a philosophical sense, I think that there is a balance between dispersal and concentration, where, if you go beyond a certain point, then you begin to lack cohesion in your forces; and you begin to disperse your base more than it should be.

Senator BINGAMAN. Let me just ask if you perhaps could elaborate a little bit. Your suggestion that the dispersal is valuable strategically is based on an assumption that we will be in a conventional war. I gather that the assumption also includes that it will be a conventional attack on the United States. Is that what I am led to believe?

Admiral HOLLOWAY. No, Senator.

My comments were directed toward this set of thoughts. If we were to go to war with the Soviet Union, what is the most probable way the events would unfold? It would begin with a period of tension. During that time, both sides would increase surveillance of the other side and attempt to get their naval units to sea.

That relates to the point I made: that by having only one or two bases, their submarines on patrol outside of our ports would be able to trail our units going out. We make it more difficult for them if we are dispersed to more ports.

The prevailing wisdom says that the conflict would start as a conventional conflict, in which their submarines would shoot antiship cruise missiles against our ships in their vicinity. It would certainly be to their advantage.

We would want to do the same thing. We would plan to deploy our submarines to the vicinity of Soviet bases to be able to shoot at their ships as they were sortieing through restricted channels without maneuvering room. This is when a fleet is at its most vulnerable stage.

What we want to have are our ships at sea when the shooting starts where they are difficult to find, track, localize, and attack.

Senator BINGAMAN. You are suggesting that if we add this one additional port at Staten Island, one at Everett, and two at the gulf coast, that the Soviets will not be able to trail our ships as they go to sea under a period of heightened tension?

Admiral HOLLOWAY. No, sir; I am not saying that.

I prefer not to deal in absolutes.

What I am saying is if we increase the number of our bases, we increase the Soviets' problem of trying to attack our ships at their most vulnerable exolution.

Senator BINGAMAN. Is that true with regard to ships that are ported or that have a home port in the Caribbean?

Admiral HOLLOWAY. I would think so.

Senator BINGAMAN. You don't think that that makes it easier for the Soviets to tell where we are going, to be dispersing those ships to, and what straits they are going through? You don't see any problem of us having our ships bottled up in the Caribbean?

Admiral HOLLOWAY. I really do not think so because we are probably going to have ships operating in the Caribbean when tensions begin to rise in any case.

What we must understand is that the Soviets have a limited number of submarines. They have more than we do, but they are less able to keep submarines forward deployed than we are.

This means that they are going to have to make some very hard choices because they will have fewer submarines to put in surveillance and attack positions against our forces coming out of an increased number of ports.

Senator BINGAMAN. On minesweeping, you indicated or said that our problem with regard to minesweeping would be simple.

I have understood in the few examples where we have tried that, such as clearing the Suez Canal of mines, and others, that we really have not found it that simple to accomplish that.

Am I wrong?

Is this a simple process that we do not really need to concern ourselves with?

Admiral HOLLOWAY. It's not a simple process, Senator.

I happened to be Commander of the Seventh Fleet when we cleared the mines at Haiphong. I was in charge of that operation. I was CNO when we cleared the mines in the Suez.

It is a very complex operation. We used very sophisticated equipment, particularly when we were so far away from home.

When we cleared the mines in Haiphong Harbor, it was all done from seagoing platforms by helicopters that were 5,000 or 6,000 miles from their home base. And yet, we did it with 99.99 percent reliability, and we did it in the time that Secretary Kissinger had prescribed for us.

Senator BINGAMAN. How much time was that?

Admiral HOLLOWAY. My recollection is that it was about 30 days.

Senator BINGAMAN. And what about in the case of the Suez Canal?

Admiral HOLLOWAY. In the case of the Suez Canal, as I recall, we did some of our sweeping with the helicopters, which is our principal method of doing it far removed from our own bases. But in Suez, to a large extent, we used conventional mine-hunting techniques, which is primarily a frogman with a metal detector. Every unexploded bomb, tank, aircraft engine, or piece of metal on the bottom of the canal had to be treated as a potential mine and had to be visually identified as either a piece of junk or a mine that had to be eliminated.

So the Suez was not the same kind of problem as we would deal with in sweeping a minefield that is blockading the entrance to a port.

Senator BINGAMAN. Did you have a figure for how long it took in the case of Suez?

Admiral HOLLOWAY. I don't recall.

I will provide it for the record.

Senator BINGAMAN. I was advised that it took 3 months. Does that seem about right?

Admiral HOLLOWAY. It does.

The point I was making is that sweeping the Suez has very little relationship to sweeping a minefield outside of New York, Norfolk, or any other main fleet harbor.

Senator BINGAMAN. Would you agree, though, that if we go forward with this homeporting, we do need to add significant additional numbers of minesweepers, and that is an additional cost which would be involved?

Admiral HOLLOWAY. I am not sure of that. I think you should ask a naval officer on active duty that question. I believe we are building minesweepers that would be used for coastal minesweeping.

I think I should emphasize an important point of difference. When we swept the mines in Haiphong, we used a very elaborate system of CH-53 helicopters based on carriers, because we were thousands of miles from home.

When we sweep minesfields controlling the approaches to our own ports, we can press into service locally based, small, wooden-hulled vessels, as well as use helicopters that are locally shore-based.

[Additional questions submitted by Senator Bingaman follow:]

QUESTIONS SUBMITTED BY SENATOR JEFF BINGAMAN

Senator BINGAMAN. You have stated that one of the reasons to open new ports is "battle group integrity"—that is to avoid the need to assemble carriers or battleship groups at sea. It seems to me that opening additional ports would spread out your forces and as a result work against the desired integrity of naval task forces.

If you want to improve CVBG and SAG integrity, why don't you simply adjust ship assignments at existing ports.

ANSWER. As I have stated previously, in my opinion, the principal advantage of strategic homeporting is to reduce the exposure of the fleet in its most vulnerable configuration, not underway or maneuvering in restricted waters. The battle group integrity aspect is simply an added dividend.

Senator BINGAMAN. Does the Navy have enough cruisers and destroyers to fill out all of the proposed battle groups, surface action group, convoys, underway replenishment groups, and Marine Amphibious Force escorts? According to a CRS study, you don't.

ANSWER. I do not believe that it would be appropriate for me to attempt to answer this question. It would be pure conjecture on my part and could be misleading.

Senator BINGAMAN. Is it a good idea for battle groups to remain static in composition? It seems to me that cruisers and destroyers should occasionally be rotated among various types of forces to provide them with different training so that they can perform different mission.

ANSWER. Experience over the years has consistently—and probably without exception—shown that ships that have operated together over long periods of time operate with substantially more effectiveness than do newly aggregated task units. When we go to war, or are called upon to operate in a real emergency, we want to be at our most effective best. This is accomplished by operating units that have trained extensively together.

Nevertheless, it is important to rotate ships through various assignments and battle organization to give them the exposure to different kinds of tasks and the association with other units. This is valuable because it may be necessary because the exigencies of war (such as unpredictable hostile action or the combat losses of our own forces) to bring together task forces of ships that have not operated with one another in a particular mission assignment.

Based upon my experience in the fleet during combat, and as the Commander of the Seventh Fleet in the Gulf of Tonkin during the Vietnamese conflict, I can say that in general our units are able to perform satisfactorily when brought together in task units for the first time because of the high degree of standardization we have achieved in our operating procedures. But there is also a perceptible increase in the efficiency with which these forces perform the longer they operate together.

Senator BINGAMAN. Won't the different overhaul cycles of different ship types prevent consistent deployment of the same units in battle group configuration?

ANSWER. Yes, it will prevent consistent deployment of the same units to a degree. That means we achieve 70 to 80% consistency rather than 100%. But, 70% is better than zero. Just because a system isn't perfect doesn't mean it should be abandoned. We need to do the best we can.

Senator BINGAMAN. A principal Navy justification for the new homeporting plan is that it would reduce fleet vulnerability.

When you spoke of vulnerability, were you speaking about vulnerability from nuclear attack, conventional attack, or both?

ANSWER. This was fully treated in the answer to question 1 above.

Senator BINGAMAN. What scenario do you envision which would involve conventional attack by the Soviet Union against ports on the continental United States?

ANSWER. See answer to question 1 above.

Senator BINGAMAN. What conventional weapons systems would the Soviets use to attack the U.S. Navy in their own home port areas?

ANSWER. As stated previously, the primary weapons would be antiship cruise missiles launched from Soviet nuclear submarines. Torpedoes would be a less effective threat. Submarine-laid mine fields could also constitute a major threat against U.S. Navy units in their home port areas with some of the limitations as described in the answer to question 2 above. Antiship missiles, torpedoes, and mines can all be delivered by Soviet conventional submarines as well, but less effectively. The Soviet diesels would be required to snorkel during their transit to the U.S. port areas, which would make them vulnerable to detection and in fact could provide strategic warning of an impending Soviet initiation of hostilities.

Senator BINGAMAN. Is this a realistic threat, or are we becoming too immersed in extremely improbable war games?

ANSWER. It is a realistic threat. If I were the head of the Soviet navy it would be a major phase of my war planning. If the United States Navy were not to make its war plans based upon the contingency of such operations, that would provide a great incentive for the Soviets to include such plans. The art of success in war is to strike the enemy where he is least prepared. That causes the greatest damage. For the size of the investment—estimated in the area of $200 million, which is less than half of the cost of a small fleet frigate—there seems to be absolutely no justification for failing to disperse the fleet in a strategic homeporting arrangement on the basis that the Soviets *might* not elect to conduct such attacks at the initiation of hostilities.

Senator BINGAMAN. Is building new ports the proper response to this threat? If we are really worried about such an attack, shouldn't we spend the money on better command, control, communications and intelligence systems to counter this specific threat?

ANSWER. There is no C3I system to counter this specific threat. The National Command Authorities and the Navy would rely on overall intelligence indicators to provide information on the operational movements of all Soviet naval units, principally submarines. Even if we were able to spend more money and get a better C3I, it would only give us confirmation or warning of what we now assume or expect will happen. It will not reduce the vulnerability of our units. The only way to reduce the vulnerability of the fleet from this threat is to disperse it.

Senator BINGAMAN. The Navy has said that this homeporting plan "complicates enemy targeting" of the U.S. fleet. Does it really? We are really only adding four new port complexes. It seems to me that it will cost the Soviets a whole lot less to add these targets to their list than it will cost the U.S. to build the ports.

ANSWER. As I pointed out earlier, the net cost of the current dispersal plan falls into the area of about $200 million. From my previous answers to questions 1 and 2, I pointed out that for every percentile increase in the number of homeports we create, we force the Soviets to commit a somewhat larger percentile of their submarine force to cover those additional ports. We can assume that Soviet war plans have already committed all of their available military and naval units to essential warfare tasks. By acquiring an additional commitment, it would mean that the Soviets must either neglect the additional ports or some other task that their submarines were originally committed to, or else they must build more submarines. In any case, the Soviet effort to react to the strategic homeporting initiative on our part will result in a multi-fold expenditure of first line combat effort on their part.

I would not wish to imply that the strategic homeporting plan totally protects the U.S. fleet against a Soviet mining threat in our homeport waters. I don't know of any plan that can accomplish that. But, every military commander wants to make the enemy's odds more difficult and his own better. That is what the strategic homeporting plan would do, in a not insignificant way.

Senator BINGAMAN. I notice that nowhere in the Navy's strategic homeporting plan is there any intention to disperse ballistic missile and attack submarines.

Isn't the Navy's plan for ballistic missile boats to eventually have them homeported in just too bases—Bangor, Washington, and Kings Bay, Georgia?

ANSWER. I do not know what the Navy's plans are for homeporting ballistic missile submarines. Even if they were to be limited to one homeport on each coast, that would not be unreasonable. The key to the effectiveness of a ballistic missile subma-

rine force is the percentage of the total force that is at sea in any given instance. These are the combat ready units, available as the invulnerable nuclear deterrent. Our planning is based on these numbers. Those that survive the initiation of hostilities in port are looked upon as a dividend. This philosophy is very clear and well understood by both sides. That is the reason for the Blue and Gold crewing of the fleet ballistic submarine force—to keep the maximum number of strategic submarines at sea at any given point in time. Therefore, the strategic homeporting aspects of the FBM fleet is much less important than surface ships, which have only single crews and spend considerably less of their total time at sea operationally ready for combat.

Senator BINGAMAN. What is the compelling reason to disperse surface ships and not submarines if we are concerned about the vulnerability of our forces being too concentrated geographically?

ANSWER. I believe that the compelling reasons have been fairly extensively covered in most of the answers to the foregoing questions.

Senator BINGAMAN. In the Navy's rebuttal of the GAO report, it is stated that the dispersal of the surface forces would aid in the protection of submarines at their bases.

ANSWER. I have not seen the GAO report nor the Navy's answer, and therefore I cannot provide an intelligent response.

Senator BINGAMAN. From a strategic standpoint, what is the advantage of having a CV battle group and a battleship surface action group in the Gulf of Mexico?

Doesn't this disposition actually place these forces farther from the most likely area where they would be needed in a crisis, namely the North Atlantic or the Mediterranean operational area?

ANSWER. I believe that a review of fleet deployments over the past two years would show that carrier battle groups have been consistently deployed to the vicinity of Central America in both the Atlantic and Pacific Oceans in support of our national policy toward Nicaragua. This is an area of critical concern to the United States and it is important that military forces be retained available to support whatever actions in these areas the President may direct. There is a particular advantage of having a SAG in this area because such forces cannot operate in the face of a strong air threat without local air superiority. Therefore, their employment in the Gulf/Central America theater is particularly appropriate. The air threat is at a minimal, and the SAG can be protected to large extent by friendly air cover flying from relatively secure U.S. continental bases.

Senator BINGAMAN. Aren't these ships more vulnerable in Gulf ports? Ships exiting the Gulf must pass through either the Straits of Florida or the Yucatan Channel. As a result, it seems to me they are more bottled up in the Gulf.

ANSWER. First, a general war with the Soviet Union would be a global war. Soviet targets in Cuba and Nicaragua (and in other areas that they may have acquired) would have to be neutralized and suppressed. This mission would probably be the initial employment of naval forces based in Gulf areas.

In any case, the Straits of Florida and the Yucatan Channel, although more restrictive than the open Atlantic Ocean, are certainly not as restricted as the approaches to Norfolk or Mayport. Of significant importance, neither the Yucatan Channel nor the Straits of Florida could be effectively mined.

Senator BINGAMAN. If our objective is to show the flag in the Gulf and Caribbean, couldn't we do that with just a single CVBG or SAG.

ANSWER. My understanding is that our objective is far broader than to show the flag. As I have indicated previously, the principal purpose of strategic homeporting is to disperse the fleet, which is partially accomplished by placing units in Gulf ports. I personally could not support a strategic homeporting plan predicated on "showing the flag."

Senator BINGAMAN. Isn't it almost as close from the existing CVGB port at Mayport to the Caribbean operational area as it is from Pensacola?

ANSWER. Yes. However, my comments in the answer to question 8 and 13 c. above apply.

Senator BINGAMAN. According to our information, the number of ships in the fleet decreased from 1,000 in 1969 to about 590 in 1985. During this time, San Diego went from 192 to 109 ships; the Norfolk area went from 173 to 123 ships; and Pearl Harbor went from 97 to 41 ships homeported there. Doesn't this demonstrate that there is more than enough room at our existing ports? How does the Navy explain its pressing need for new ports in the light of these figures? Aren't new ports really a "nice to have" asset rather than an essential requirement?

ANSWER. If there is enough room in the existing U.S. naval bases for the additional ships involved in the growth of the fleet to a 600 ship Navy, that does not mean

that there are adequate facilities to support the increased number. There must be the necessary piers, docks, workshops, utilities, and such waterfront facilities necessary to berth, service, and maintain the units. We are, after all, talking about "homeports," where ships and their crews can receive depot level maintenance, basic training and support. At the present time the existing support facilities in the bases currently in operation are inadequate to provide these homeporting functions. Such services cannot be done on an austere, advanced base level. Fleet materiel readiness and morale would deteriorate rapidly. Therefore, additional facilities have to be constructed. The question at issue is whether these additional facilities should be provided in the existing ports or whether they should be built in new locations. From the answers I have given to all of the foregoing questions, I have tried to make it clear that it is essential that the U.S. fleet be dispersed in a strategic homeporting system in order to reduce its exposure to attack from Soviet submarine forces (including mine fields) in the U.S. fleet's most vulnerable situation—in port or operating in restricted waters. Our concern for the Soviet war plans exploiting this phase of our fleet's vulnerability cannot be understated. A major feature of our war planning has for years been the objective of striking the Soviet fleet units while they are immobilized in their home bases. This is absolutely clear from the open literature. We cannot have such a low opinion of Soviet naval strategic planning as to deny them the intellect to recognize that same advantage in the formulation of their own plans. Therefore, in no way can I categorize the establishment of new port facilities for the U.S. fleet as a "nice to have" asset rather than an essential requirement.

Senator BINGAMAN. Thank you, Admiral. I appreciate your responses.

Thank you, Mr. Chairman. My time is up.

Senator THURMOND. Thank you.

The distinguished Senator from Virginia, Senator Warner.

Senator WARNER. Thank you, Mr. Chairman.

Mr. Chairman, when you and I originally looked at this problem and recognized the complexity from the standpoint of analyzing the strategic implications, I recommended that we solicit the advice of the former retired Chiefs of Naval Operations, and you accepted that recommendation. I wish to thank you.

I understand that earlier today, when I was on the Senate floor with other matters, you entered into the record of these proceedings the statements by each of the former Chiefs and other admirals of four star rank.

Senator THURMOND. We entered those into the record earlier.

Senator WARNER. Correct.

I want to thank you, Mr. Chairman, because I think that is a very valuable part of the record as we try to make this analysis.

Admiral Holloway, in the preparation of your remarks, did you have the opportunity to consult with some of your colleagues?

Admiral HOLLOWAY. No, Senator Warner, I did not.

As a matter of fact, I was honored to receive the invitation to express my views, which I did by letter almost immediately, and consequently was on record with my views. After having gone on record, I thought there was little point in discussing it with anyone else. I did not discuss my statement with the Navy, as a matter of fact, before I wrote it.

Senator WARNER. Let's go back to the years 1969 to 1974, when you and I served together in the Department of Navy.

At that time, we were bringing the size of the fleet down, and it was the judgment of the Secretary of Defense, myself, and the then Chief of Naval Operations, Admiral Zumwalt, that we would be compelled to close some of our naval facilities.

I remember vividly the caucus room of this building packed with people, and Admiral Zumwalt and I defended the closing of the Boston Naval Shipyard and a good deal of the facility at Newport, RI, Secretary Chafee at that time having left the Department of Navy and I having succeeded him.

Again, we were faced with cost constraints and the size of a fleet that had gone roughly from about 1,000 ships, when I first joined the Department of Navy, to perhaps in excess of 600. I think we bottomed out at around 575 when you were chief.

Would that be about right?

Admiral HOLLOWAY. Yes, sir.

Senator WARNER. Now, given that history, what has changed since that period of time to begin the reverse cycle, to go back up?

Admiral HOLLOWAY. I think two things, Senator.

The first is when we were closing bases, we did it because we did not have the ships to put in those bases.

Today, my understanding is that even if you do not build new bases, you are going to have to spend money to build more facilities to accommodate the additional ships in existing locations. That is point No. 1—the decision of do we put that money into existing bases and get overcrowding. No. 2 is this. The strategic threat from the Soviet submarine force really did not exist at that time.

It was probably in the early 1970's that I first became concerned with the capabilities of the Soviet navy to maintain a constant presence off our shores, based upon the daily briefings of the deployments of Soviet forces, the top secret briefings which you attended as Secretary of the Navy.

In 1975 or 1976, the first Soviet navy task force actually steamed in to the Gulf of Mexico and conducted training operations. It was about that time that I considered the Soviets were demonstrating a growing capability to push that line, where we would first meet in a conflict, much closer to our shores that it had ever been before.

Senator WARNER. You emphasized the laying of mines by the Soviet submarine forces. They really have three ways of doing it, do they not, Admiral? They can use surface ships, submarines, and also aircraft.

Admiral HOLLOWAY. Yes, sir.

Senator WARNER. Did you purposely eliminate reference to surface ships and aircraft?

Admiral HOLLOWAY. Yes, sir; because I do not believe that we would allow their surface ships and aircraft to operate in the contiguous and territorial waters of the United States. For their minefields to be effective, they have to go right up to the channels entering our ports.

Those minefields will have to be laid in a clandestine fashion. The submarine is the only clandestine minelaying platform they have.

It is a very slow process. The torpedoes and missiles must be removed from submarines—these are attack submarines—and replaced with mines that can be pushed through the torpedo tubes.

Senator WARNER. They are either diesel- or atomic-powered submarines?

Admiral HOLLOWAY. That's right. I think one of the great values of the diesel submarines to the Soviet navy is that it is useful as a minelayer.

Senator WARNER. Mr. Chairman, at this juncture, the admiral made note of the fact that the existing base structure, if this plan is not to be followed, has to be augumented.

I wonder if I could ask counsel for the committee a question. In the event this program goes forward, I must be mindful of the impact on Norfolk.

What is the impact on Norfolk if the plan, as now recommended by the Secretary of the Navy, would go forward?

Mr. MILNES. To the best of my recollection, Senator Warner, it is that the overall net, if you look out in the outyears, would be a net increase.

Senator WARNER. And that would be by fiscal year 1993, about?

Mr. MILNES. Yes, sir.

Senator WARNER. And we would be up to about 115 ships homeported?

Mr. MILNES. It would roughly be in that neighborhood.

Senator WARNER. Admiral, the minesweeping assets of the U.S. Navy today are somewhat limited, are they not?

Admiral HOLLOWAY. They are.

Senator WARNER. I can recall that that was always on the bottom of every list. When we had to make a last scrub to meet a budget requirement, the minesweeper would continuously drop off, and the numbers of helicopters were quite limited.

So I think, in response to Senator Bingaman's inquiry, the Navy will have to have a substantial investment in minesweeping if we go to the diversification, as recommended in this plan.

Admiral HOLLOWAY. Senator, I think that question really ought to be put to somebody in the Department of the Navy because it is my understanding that the 5-year defense plan, which, of course, is classified and which we cannot discuss here, does have some substantial programming for mine countermeasures forces.

I would make the assumption that the Navy has programmed these mine countermeasure forces for this purpose.

Senator WARNER. My last question admiral is this:

You have established your credentials in other voluntary services to this country in the area of terrorism. You wrote a very informative report shortly after the tragic loss of the marines in Lebanon and analyzed that problem, as we, the United States, must face it.

Of course, it has worsened since the writing of your report.

To what extent does our planning as a Nation, more specifically with respect to the protection of our naval assets against terrorism, should that be influenced by this dispersal program?

Admiral HOLLOWAY. Senator, that is a very good question and I think it is very important that it be asked.

I was executive director of the Vice President's Task Force on Combating Terrorism, and one of the first things that the working group did was to go to the major U.S. military commands and find out of their awareness of the threat of international terrorism and what they were doing about it.

The answers did not appear in our public report because the results were classified. But let me say this.

The Vice President and the members of the task force were impressed by, first, the awareness of the military commanders of the threat of terrorism, and, second, by the steps that they were taking. Of course, many of the things that they want to do require congressional authorization and funding. But it was our impression that they were doing the maximum that they could within their available resources.

My judgment—and may I ask to expand this after I think it over because I think it is such an excellent question—is that the expansion of the homeporting system or leaving it the way it is would be essentially unaffected by considerations of vulnerability to terrorism.

I would like an opportunity to get back to you.

[Additional information follows:]

TERRORISM AND HOMEPORTING

Dispersal of the operating units of the fleet would on balance, prove to be effective in countering possible terrorist attacks against our military forces. The basic reason is that it would reduce the concentration of forces in a specific area, so that a single terrorist initiated disaster would affect fewer units. Or conversely, terrorists would have to mount multiple attacks to achieve the same level of damage. The net result is, it makes the terrorist job more difficult to achieve a significant level of damage to the Navy's capability.

The kinds of terrorist activity that could be directed towards a naval base might include blowing-up support facilities such as workshops or storehouses, disrupting utilities supporting the base such as power or communications, or attaching limpet mines to the hulls of ships. The ultimate terrorist attack is of course the detonation of a nuclear weapon in an American city or a U.S. military base. A major naval port would certainly be high on the list of potential areas that might be targeted for a nuclear blast.

In any form of terrorist attack against a naval base, with the possible exception of attaching bombs to individual ships, it is clearly to our advantage in a security sense to have the fleet dispersed. The effect on naval readiness or operations would be less if one of four bases were immobilized than if one of two were affected. Another potential terrorist action could be the sinking of a commercial ship or barge in a restricted channel entry to a harbor used by naval forces, that would prohibit the sortee of vessels until the obstruction were cleared. However, this tactic would more normally be associated with a prehostilities phase of clandestine operations rather than the random work of individual terrorists.

Therefore, it can be clearly concluded that the strategic dispersal of fleet units among additional bases would have a substantial effect on minimizing the consequences of a serious terrorist attack against our military or naval capabilities, and would make it significantly more difficult for the terrorist to achieve a given level of damage against our forces.

Senator WARNER. In other words, the potential threat of terrorism is not weighted toward either the strategic plan or the augmentation of the existing base structure?

Admiral HOLLOWAY. That is my opinion based upon a quick thought, Senator Warner.

Senator WARNER. My last question is this.

In my own independent examination of this program, it seems to me that we should, as part of this, consider the priorities. For example, those ports in the gulf area, in my judgment, are perhaps the highest in priority if we have to dissect this plan in some way.

What are your priorities, taking it port by port under this program? What is the highest, and please give them in descending order? What is your view?

Admiral HOLLOWAY. Senator, I really cannot offer a credible view on this. I am not that close to base loadings and the war plans to be able to give anything but a really unsupported opinion.

Senator WARNER. Now, Admiral, having been the Chief, the circumstances have not changed that much in the brief period since you left as our senior naval officer. And you are well familiar with the gulf situation as it relates to Cuba and to Central and South America, also with the Pacific and the Seattle situation, and with New York. I would hope you would reflect for a moment on that and give us your best judgment.

Admiral HOLLOWAY. I would prefer to provide it for the record, Senator. As I said, if I were very conversant with the details, I would jump at the opportunity. But I am not. And having said one thing before the committee and then having to correct it, I think that would be misleading.

Senator WARNER. I will certainly accede to your request to provide it for the record. But I believe it is a very important part of this record.

Admiral HOLLOWAY. I will, sir.

[The information follows:]

STRATEGIC HOMEPORTING PLAN

Without the benefit of an in-depth analysis of the Navy's projected strategic homeporting plan and the various alternatives that might be considered, my views as to the priorities in which additional naval bases ought to be established, are predicated on only the broadest considerations. It is my opionion that a strategic homeporting plan should be drawn up in its entirety and then fully executed. I see no strategic rationale for any regional priorities. The over-riding benefit of the strategic homeporting plan is to disperse the fleet and make it less vulnerable to the Soviet threat to attack naval units in their most vulnerable condition—not underway or operating under restricted conditions. This premise is based on multiple homeports rather than a regional factor. Certainly geography does play a part, and the location of the additional homeporting sites will have been selected with all of the various considerations of waterfront configuration, supporting facilities, access to the sea, existing support infrastructure, etc. Once a site has been settled upon with these factors properly considered, then there seems to be no strong reason for any over-riding priority of accomplishment. The important aspect, to my mind, is to get the entire homeporting plan done as soon as possible in order to afford the additional degree of security afforded to our maritime forces that the concept will benefit.

Senator WARNER. I thank the Chair.

Senator THURMOND. Thank you, sir.

The distinguished Senator from Mississippi, Mr. Stennis.

Senator STENNIS. Thank you, Mr. Chairman.

Admiral, I am very glad to see you here today and to hear your usual fine statement. I believe you have given very distinguished service. If we get to another hard subject, I want to have you as a witness again.

That is all I have to say, Mr. Chairman.

Senator THURMOND. Thank you, Senator Stennis.

The distinguished Senator from Alabama, Mr. Denton.

Senator DENTON. I would just like to take the opportunity to express my admiration again for a man who was Chief of Naval Operations during my service, who enjoys the respect of his peers perhaps in a way that is unexceeded by any other officer with whom I served.

I consider his testimony to be weighty in its import to us.

We have gone from a 40-to-1 advantage, roughly, at some year or other in terms of ship days out of home waters over the Soviets to about even. I do not want the committee to go away with the impression that this is a purely Navy consideration, one in which the Navy is self-indulging itself in a dubiously expensive project.

In other words, there is a reason from naval, per se, perspectives, in that the sea, for its own sake, is a base for offensive and defensive operations. But there are several other considerations that I wish they would think about.

I particularly wanted the ear of the chairman of the subcommittee when I say this. This is not just a Navy, water-based offense-defense thing, Mr. Chairman; but our commerce must flow during the period of tension in which partial warfare may exist, and particularly the support of our land forces, which might have to be deployed in the period of tension, or in a period of hostility. Those matters are involved in the Navy's consciousness of the advantages of dispersal and homeporting.

We have the New York sealanes. We have Hoboken, with the Army's logistics dependent upon railroads into there, and the facilities they have—some advantages that have not been brought out today.

I say this in preface to a question.

The GAO has cast some shadow on the Navy's emphasis on the importance, the strategic importance, of this move.

With your experience, sir, would you consider the homeporting versus buildup of existing ports, the dispersal, would you consider the dispersal in strategic advantage to be a marginal matter, a considerable matter of improvement, or a highly significant improvement? That is about the best way I can think to phrase the question.

Admiral HOLLOWAY. Senator Denton, that really is a hard one to answer.

Let me provide some background for my response. The reason this country, especially the Congress, has supported the build up to a 600-ship Navy is in recognition of our national military strategy that has existed since the end of World War II. It is a forward collective strategy that uses deployed U.S. forces and those of our allies to confront a potential enemy closer to his borders than to ours. If we have to fight, we want to engage the enemy, on his side of the ocean rather than on ours.

This strategy depends upon the U.S. ability to support our allies and to reinforce our own overseas forces.

This country has a total of 18 Army and Marine divisions, and 12 of them are located in the United States. Unless we go to war with Mexico or Canada, those 12 Regular Army and Marine divisions are going to have to be moved into combat overseas. That is really why we need a 600-ship Navy, to insure that we can control the seas to the necessary extent to support our allies, reinforce our own deployed military forces, and prevent an enemy from using its overseas facilities to threaten us.

If we do not take the steps to protect our Navy by a system of strategic homeporting, we make it more vulnerable to the Soviet navy.

To put a marginal, very large, or moderate advantage label on this, Senator, is difficult for me. What I would prefer to say is, that now, having invested in the most powerful Navy that this country ever has had, for very essential and persuasive reasons, I cannot understand why we would consider jeopardizing the effectiveness of that Navy by not deploying it in a way that makes strategic sense, and gives us an extra margin over the Soviet naval capability.

Senator DENTON. Well, the GAO did not think there was much to it. I think you have countered that.

Our mutual friend and colleague, Admiral Holloway, did express reservations about——

Admiral HOLLOWAY. That's me, sir.

Senator DENTON. I'm sorry. I meant to say Admiral Hayward. Admiral Hayward did express reservations—it has been a long hearing. He did express some reservations about the possible negative consequences in terms of the quality of life of our sailors.

Could you comment about that concern? None of the other CNO's agreed with that.

Admiral HOLLOWAY. I do not want to question the judgment of a colleague. But if you ask me the question: "how does this apply to the quality of life of our sailors." I would have to say it is my experience that in the final analysis the quality of life of our sailors depends upon their pride in their service and in their ability to get the job done.

So I am not sure I understand the concern. First, from what I understand, the living accommodations available to the crews and their families will be reasonably good.

But I believe that the Congress and the Navy must think first of the readiness of the fleet. I find that our sailors will respond positively to that. When the U.S.S. *Nimitz* was in the Indian Ocean for 181 days without a port call, the crew was asked how they felt about the extended at sea period. Their reply was, in essence, as long as we are here for a purpose, we don't mind it.

I think that if our sailors knew that strategic homeporting was an important part of the program to make our Navy even better than the Soviet navy, they would be willing to put up with some of the hardships for the limited time that they may be exposed to them, until better facilities can be built.

Senator DENTON. In conclusion, let me say that Senator Stennis has no room to compliment you more than himself.

You give us all an inspirational example in that way, Senator Stennis, and certainly Admiral Holloway does with his vitality in the field of merchant ships, which some have mentioned today as a prime concern, and with his versatility so brilliantly expressed in his work on the Vice President's Task Force on Terrorism and here today in his testimony.

I want to thank you, Admiral.

Admiral HOLLOWAY. Thank you, sir.

Senator THURMOND. The distinguished Senator from Texas, Mr. Gramm.

Senator GRAMM. Mr. Chairman, I do not have any questions.

I thought this was excellent testimony, Admiral, and I appreciate your coming back to share your wisdom and experience with us.

Admiral HOLLOWAY. Thank you, sir.

Senator THURMOND. Admiral, thank you very much. We appreciate your coming here and you have added greatly to the hearing.

Admiral HOLLOWAY. Thank you, Mr. Chairman.

It is an honor to appear before this committee.

Senator THURMOND. Our next witness is Vice Adm. C. Edwin Bell.

Admiral Bell, would you come around, please.

Admiral Bell, would it be all right with you to put your entire statement in the record and then ask you to give us the thrust of it in about 5 minutes?

Admiral BELL. I have already submitted it and planned it in that way, Mr. Chairman, and have put my comments into a 5-minute summary.

Senator THURMOND. All right. Thank you. You may proceed.

STATEMENT OF VICE ADM. C. EDWIN BELL, USN (RET.), FORMER DIRECTOR OF NAVY PROGRAM PLANNING, DEPARTMENT OF THE NAVY

Admiral BELL. For the past 12 years, Mr. Chairman, I have served in the city of Norfolk as the director of civic facilities. For 35 years before that, I was on active duty in the Navy and had five 3-year tours of duty in the Pentagon.

In 1957, when I was the operations officer for the submarine force, Atlantic Fleet, I was responsible for planning the dispersal at that time of the submarine forces of the Atlantic Fleet.

Down in Norfolk, we are unaware of any reason advanced by the Navy for the proposed dispersal other than strategic considerations. In our view, every other factor involved is degraded, including training, logistics support, deployments, repair, morals, and family support.

I understand that as an integral part of the strategic homeporting plan, the Navy proposes to conduct a higher percentage of its operational training exercises in the North Atlantic.

It is my experience that increased training exercises in the North Atlantic would result in valuable training days being lost to weather and the increased logistical problems of bringing the required forces together.

From our perspective, it appears that the decreased services, reduced morale, and increased costs associated with fleet dispersal ultimately could create a greater threat to the Navy's ability to respond to an enemy than that posed by increasing fleet concentration in existing ports.

We feel that we are in a position to evaluate the importance of the Norfolk naval complex in the U.S. Navy establishment today. We are certain that the establishment of new naval complexes where no base of expertise exists involves considerable risk as well as expense.

There are increased costs associated with operating, servicing, and logistically supporting ships which are distant from the nearest Navy complex. The increased costs associated with training alone are going to be very high.

On average, each Atlantic Fleet officer and enlisted man spends almost 1 month each year in training. For ships homeported in

Norfolk, this process is easily accomplished, since it is possible to live at home or on board ship.

The training does not involve leaving families and friends, and it is done without added travel or per diem costs.

A ship located in Norfolk is served locally by an infrastructure unsurpassed in its capability. It will, to a large extent, be the Hampton Roads infrastructure that is relied upon by ships in the proposed new home ports, although at a much lower level of efficiency.

The Naval Supply Center in Norfolk provides ships in the fleet with 570,000 items a year. Ships based locally can pick up urgently needed parts or supplies rather than wait for a lengthy delivery.

What would a sailor in Everett, WA, or Staten Island do?

The Norfolk Naval Shipyard is the world's largest shipyard. It specializes exclusively in the repair and modernization of Navy ships.

The Navy has several other shore-based ship repair activities located in the Norfolk area, and services from all these activities are much more timely, efficient, and effective when provided to ships homeported in Norfolk.

The retention and the morale of Navy personnel is seriously affected by several factors, which include time away from families, number of geographic moves, which require uprooting of families and then relocation, availability of suitable housing and schools, the availability of personal services and recreation, and acceptance by the community at large.

A substantial portion of family separation is related to the training periods which necessitate temproary relocations of training centers, or shipyards, which are primarily located in Norfolk.

Rotation is another necessary part of Navy life. In Hampton Roads, the chances of relocation being required during these transitions is considerably less than would exist in one of the proposed new home ports. Equally important, there are significant costs to the Navy when each rotation results in relocation.

In Hampton Roads, the Navy provides extensive medical care, credit unions, commissary stores, Navy exchanges, a legal services office, family service centers, military housing offices--all to assist Navy families.

The Navy also offers extensive recreational facilities to Navy personnel, which are located in the Hampton Roads area.

All of these facilities and their operating organizations were created over a long period of time, and most when the dollar would buy a whole lot more than it will buy today.

They are vital to the readiness and morale of ships and crews to perform their functions.

Today, active and retired military, and civil service workers, and their families make up about half of the population of Hampton Roads. Our community support and acceptance add immeasurably to the quality of life experienced by our Navy families.

The total Hampton Roads Navy community cannot be duplicated. It has been building for many years, and today it is the result of investments of lifetimes of energy on the part of hundreds of thousands of people.

In conclusion, first we have no doubt that the $30 million per year per facility support cost premium, which has been estimated by the GAO, is much closer to reality than the $6 million estimated by the Navy. Even this higher figure disregards the startup costs which are a part of any new facility.

Second, since 1798, Hampton Roads has been the Navy's first choice for the creation of facilities to moor and service its ships, and to house, train, and support its personnel. Nothing has changed.

We acknowledge that the Navy presence will bring a positive economic benefit wherever it goes. However, we are convinced that the real issue here is not what the Navy contributes to the region, but, rather, what the region contributes to the Navy and its personnel.

In 1957, the Navy affected a redistribution of the fleet to new home ports only to reverse the process when budgets became tighter again.

To quote the great Yogi Berra: "This is de ja vu all over again."

We urge you to consider all factors, but especially economics, personnel considerations, fleet readiness, and fleet security, and make your decision on that basis.

Thank you, sir.

[The prepared statement of Admiral Bell follows:]

PREPARED STATEMENT OF VICE ADM. C.E. BELL, U.S. NAVY (RETIRED)

Good afternoon, I am Vice Admiral C.E. Bell, US Navy, retired. For the past twelve years I have served the City of Norfolk, Va. as Director of Civic Facilities, managing an 11,500 seat convention center, a 2500 seat theater, the Gen. MacArthur Memorial, and the Metro baseball parks. My prior experience as a naval officer covered thirty five years and included five tours of duties in the Pentagon in such positions as Executive Assistant to the VCNO; Director, General Planning and Programming, OP-90 and finally as Director Navy Program Planning, OP-090.

In 1957, as Operations Officer of Submarine Forces Atlantic Fleet, I was responsible for planning and dispersal of submarine forces during a fleet dispersal effort similar to that anticipated in the current proposed strategic homeporting initiative.

As a native resident of the Washington scene, a reasonably seasoned naval officer and at present a fifteen year resident of Norfolk, Virginia, I feel I am well balanced enough in my thinking to talk with you today on the subject of the Navy's Proposed Strategic Homeporting Plan.

We in Hampton Roads have confidence in our military leaders and feel that their judgements must be free of domestic political considerations. Therefore, although the fleet dispersal inherent in the strategic homeporting policy announced in 1982 was clearly not in the economic interest of Hampton Roads, we did not attempt to influence the decision making process regarding it. We view the current situation, however, as considerably different from that existing in 1982. We have concluded that continuing deficits and weaker budgetary support for defense dictate that strong consideration be given to the economic factors favoring expanding the Navy presence in Hampton Roads, even at the expense of the Strategic Homeporting initiative.

We are unaware of any reason advanced by the Navy for this proposed dispersal other than implied strategic considerations. In our view, every other factor involved is degraded including training, logistic support, deployment, repair, moraie, family support, etc. In my opinion, the dispersal suggested to Staten Island and the Gulf of Mexico of the Atlantic Fleet, does not seriously impair an adversary's ability to attack or to hinder our movements.

I understand that as an integral part of the strategic homeporting plan the Navy proposes to conduct a higher percentage of its operational training exercises in the North Atlantic. It is my experience that increased training exercises in the North Atlantic would result in valuable training days being lost to weather and the increased logistical problems of bringing the required forces together. In addition it will involve greater risk to men and equipment. Further, all of the Navy's existing

Atlantic Fleet at sea training support facilities are located in the sea areas of the Caribbean Islands. It appears to me that Naval forces remotely based in the Gulf of Mexico would have little opportunity to operate with the rest of the fleet, and their requirement for possible activity in the Caribbean can be met more easily from Atlantic Coast ports.

From my perspective, it appears that the decreased services, reduced morale, and increased costs associated with fleet dispersal ultimately could create a greater threat to the Navy's ability to respond to an enemy than that posed by increasing fleet concentration in existing ports.

However, I recognize that in my persent status as a civilian I am not knowledgeable of all the current military factors that must be considered in a decision such as this. I have come today to address only those factors of which I am knowledgeable. And, while I am concerned with the pros and cons of the Strategic Homeporting questions overall, the moving of a Battlegroup to Staten Island is of greatest concern today.

We have reviewed a draft of the GAO report on this subject. We note that the GAO has examined the ship berthing capacity at the Naval Station Norfolk and concluded that berthing capacity for 70 ships exists currently. We agree with this evaluation. Based on information available to the general public, we are aware of the number of occasions when that number of ships has been berthed there. Further, to our knowledge, the Little Creek Amphibious Base in Norfolk has not been considered in any of the Navy or GAO capacity analyses for berthing of Naval Ships in Norfolk. We note this with concern and find this quite surprising since Little Creek has unused capacity available for berthing a number of the Naval Ships normally berthed at the Naval Station Norfolk.

We cannot judge whether the construction of new ships berthing facilities at great expense while existing ship berthing facilities are adequate represents the best use of the limited defense funds available. However, as interested and knowledgeable citizens, we are able to judge the complexity of the Norfolk Naval installation. This installation is much more than a facility. It is a grouping of many related organizations and facilities which has developed over a great many years and whose overall relationships are not completely appreciated by most.

We are cerrtain that the extablishment of new naval complexes where no base of expertise exists involves considerable risk. We hope that this body recognizes these risks when it considers the advisability of establishing new bases.

The Congressional Research Service Issue Brief on the Navy's Strategic Homeporting Program quotes a Navy estimate of about 5.8 million dollars as the steady state operating and support cost increase for Staten Island over existing facilities. This is only a very small portion of the annual costs, in our estimation.

Certainly one has to think of the loss of efficiency and increased costs associated with operating, servicing and logistically supporting ships remotely located from the nearest Navy complex. The increased costs associated with training alone must be staggering. The Training Command for the entire U.S. Atlantic fleet is located in Norfolk. This command provides instruction to over 115,000 officers and enlisted personnel each year. Courses vary from one day to 16 weeks and average six to eight weeks in duration. These schools and courses run the full gamut of naval warfare and operational skills at sea.

These courses are vital to assuring that each ship is named with a crew capable of making it perform its function in todays sophisticated operational modes.

On average each Atlantic Fleet Officer and inlisted person spends almost one month each year in training. For ships homeported in Norfolk, this process is easily accommodated since it is possible to live at home or aboard ship and commute. The training doesn't involve leaving families and friends. It is done without added travel or per diem costs.

By contract, personnel based on ships in newly established homeports will experience additional family separation in order to take advantage of the necessary training. The Navy will experience considerable additional costs for travel and per diem How many miliions of dollars this will be, and to what degree fleet readiness will suffer I cannot begin to estimate.

Aside from training, a ship and its crew located in Norfolk is serviced locally by a vast array of logistic and support activities, an infrastructure unsurpassed in its ability to provide service. The naval complex today includes more than 3,000 buildings on over 4,500 acres of land with ten miles of water front. Obviously the Navy does not intend to duplicate those facilities else where. It will, to a large extent, be the Hampton Roads facilities that are relied upon by a Staten Island battlegroup although at a much lower level of efficiency than when serving Norfolk based ships.

The Naval Supply Center in Norfolk is the world's largest store. It provides ships in the fleet with 570,000 items from food stuffs and clothing to tools and replacement parts. It is manned by over 4,000 employees, mostly civilian civil service.

Ships based locally can arrange bearer pick ups of urgently needed parts or supplies rather than wait for normal delivery. What would the sailor on Staten Island do? Even when provisioning in a normal fashion, transportation to Norfolk based ships involves considerably less time and resources than transportation to ships outside the Hampton Roads area.

The Norfolk Naval Shipyard with over 12,000 civilian employees is the world's largest shipyard that specializes exclusively in the repair and modernization of Navy ships. It is the single best source of Naval ship repair expertise in the nation. Its employees work on and are familiar with the full range of Navy ships.

The capability of the shipyard's employees and the shipyard's shop and laboratory facilities are most accessible to ships homeported in Norfolk.

The Navy has several other shore based ship repair activities located in the Norfolk area including the Readiness Support Group and its two Shore Intermediate Maintenance Activities at the Norfolk Naval Station and Little Creek Amphibious Base. In addition, there are always at least two repair ships in port providing services for surface ships and one for submarines.

Services from all these activities are much more timely, efficient and effective when provided to ships homeported in Norfolk.

Measuring lost efficiency while servicing remotely located ships is speculative at best. Would a 20% loss be overstating the issue? And would this equate annually to $10 million dollars?—20 million? The real price, though, is in the impact on the crews and their families and in the subsequent reduced readiness of the ships.

From living with Navy men and women we know the importance to the Navy of their morale. Their retention on active duty is seriously affected by several factors including:

Time away from families.

Number of geographic moves which require uprooting of families and relocation.

Availability of suitable housing and schools.

Availability of personal services and recreation.

Acceptance by the community at large.

Retention of Navy members will clearly be reduced if they perceive any of these factors to be negatively impacted. How much a shift to Staten Island or another non-traditional port might affect retention is speculative but any decrease at all would have serious economic consequences due ot the high cost to the Navy of retraining replacements.

Most time away from family is dictated by operational and repair periods which would be relatively unaffected by a strategic homeporting decision. However, a substantial portion of family separation is related to the training periods which necessitate temporary relocation to training centers, primarily Norfolk.

Rotation from ship to ship and from sea to shore is another necessary part of Navy life. In Hampton Roads, because of the number of ships homeported there and because of the number of shore billets available, the chances of relocation being required during these transitions is considerably less than would exist in one of the newly established homeports with just a few ships and no shore billets. This means that the children can progress in one school and the family doesn't have to endure the wrenching and often expensive experience of a move.

Equally important, there is significant cost to the Navy when each rotation results in relocation. These costs certainly amount to millions of dollars per year.

The Navy provides extensive medical care in Hampton Roads to members of the Navy and their dependents. The primary delivery vehicle is the Portsmouth Naval Hospital which had approximately 30,000 admissions and 500,000 out-patients in 1985. This care is supplemented by three Navy medical clinics and four Naval dental clinics located throughout Hampton Roads.

There are seven Navy credit unions, four commissary stores and six Navy exchanges located throughout Hampton Roads. There is also a Legal Services Office, three Family Service Centers and six Military Housing Offices to assist Navy families with their problems.

The Navy operates several fleet recreation parks locally together with a number of officer and enlisted clubs. Combined with several gymnasiums, these facilities offer superior opportunities for the leisure time of Navy personnel located in Hampton Roads.

All of these facilities and their operating organizations were created over a long period of time, most when the dollar would buy much more than it will today. The construction and operating costs were made possible only by the concentration of

Navy personnel in Hampton Roads. Their re-creation to support relatively few ships in a new homeport such as Staten Island would obviously not be feasible and is not included in the 400 million dollar Staten Island facility cost. But they are vital to the readiness and morale of ships and crews to perform their function. We cannot afford to lose sight of that fact.

Today, active and retired military and civil service workers and their families make up about half of the population of Hampton Roads. Much of the remaining half has some direct involvement with either Navy facilities or Navy/Marine Corps personnel. It's a population which tends to be unusually supportive of our military and its leadership during bad times as well as good. The Navy is a part of our community and has been an integral part as long as I can remember.

This is more important in the long run than the bricks and mortar which dollars can buy and fashion into facilities. This community support and acceptance add immeasurably to the quality of life experience by our Navy families in Hampton Roads. Equally important these Navy families add to our quality of life. Navy men are leaders of our Boy Scout troops; Navy men and women sing in our choirs; Navy men run our Little League teams—and their sons and daughters star on those same teams. The total Hampton Roads Navy/Community story is one of synergism of military/public/private sector efforts by many organizations and individuals. It can not be duplicated. It has been building for many, many years and today is the result of investments, not of money, but of lifetimes of energy on the part of hundreds of thousands of people. This legacy does not exist elsewhere.

The total Navy presence on Staten Island would amount to only one tenth of one percent of the New York regional population. The diversity of interests normal to such a situation will conflict with development of community support comparable to that existing in Hampton Roads.

In conclusion—

First, we don't represent that we are able to perform a sophisticated evaluation of the additional operating and support costs of a newly established ship basing facility. We have absolutely no doubt, however, that the $30 million per year per facility estimated by the GAO is much closer to reality than the $6 million estimated by the Navy. And of course even this higher figure disregards the start up costs which are a part of any new facility.

Second: No ship should be homeported where there is less than complete community backing. Navy families should not be forced to live where the Navy is not wanted by substantial and vocal elements of the community. Is adequate housing available? Can it be found at rates Navy families can afford? A few years ago lower rated Navy men in the New York area were in the poverty group and had to be subsidized with food stamps. If this deployment is approved, will the Navy have to come back to you Senators for additional allowances for families because of the high cost of living?

Finally, let me remind you that, since 1798 when the Navy established the Gosport Navy Yard, Hampton Roads has been the Navy's first choice for the creation of facilities to moor and service its ships and to house, train and support its personnel. The original choice was made because of Hampton Roads' strategic location at the center of the nation's East Coast and because of its natural harbor, considered by many to be the finest in the world. None of that has changed. In addition we now can proudly point to an unequaled existing ship and crew support complex plus total community backing for Navy ships and their families. We are ready, today, to support those ships being considered for inclusion in the Navy's strategic homeporting program.

We recognize that the Staten Island Navy Base would have strong support from elected city and federal representatives who have the best interests of the nation and the New York area in mind. And, we, of course acknowledge that the Navy presence will bring a positive economic benefit wherever it goes—whether to Staten Island, Hampton Roads or elsewhere.

However, we are convinced that the real issue here is not what the Navy contributes to the region but rather, what the region contributes to the Navy. In 1957 the Navy effected a re-distribution of the Fleet to new home ports only to reverse the process when budgets became tighter again. To quote the great Yogi Berra, "This is deja vu all over again." We urge you to consider all factors, especially economics, fleet readiness and fleet security and make your decision on that basis.

Senator THURMOND. Thank you very much, Admiral. We are pleased to have you here. The testimony of a man of your good experience is quite valuable.

I have just a few questions.

In a letter to the committee, Adm. Thomas Hayward, Chief of Naval Operations from 1978 to 1982, expressed concern about the impact of the dispersal on the military personnel, especially the career-oriented family Navy person.

Would you comment on that statement?

Admiral BELL. I am not privy to many of the things which the committee has heard and read. But it does seem to me that the effects on personnel are being understated.

Having to go into new, high-cost areas, to find housing, to live with a higher standard of living, is going to be a real problem.

I remember some years ago, when the Navy enlisted personnel of the lower ranks in New York City were determined to be in the poverty bracket, and they had to be subsidized with food stamps to keep them going.

Does this mean that if we move to some of these high-cost places the Navy is going to have to come back and ask for more money to support their personnel? Has anybody evaluated that in the process?

You know, Navy life is tough enough with the long periods overseas. We need to consider them in every way when they are home.

Senator THURMOND. Admiral Bell, the committee understands that you headed the amphibious command in the Norfolk area. It has been suggested that we propound to you this question.

What is your impression of Norfolk's capacity and suitability for additional ships?

Admiral BELL. I have read the General Accounting Office report and I agree with it. There is room for more ships.

For example, at the amphibious base itself, there is room to base all the six remaining LPD-type ships which, right now, are at the naval base. The little harbor there has been dredged deeper, the channel is deeper, and you can get more of those ships in.

A lot of the other types of ships could not be accommodated; but the Navy can move ships in greater numbers to Little Creek and provide more space at the piers in Norfolk.

Of course, there is a new, major pier, soon to be ready in Norfolk, which will take more large ships, too.

Senator THURMOND. Do you feel that this dispersal that is recommended by the Navy is in the interest of national defense, or is it a costly experiment, so to speak?

Admiral BELL. I am not clear as to the origin of the Navy's need to disperse. But I do feel that we are living in a nuclear age, and if we move to any of these ports, they are easily targeted, just like we can target so many ports around the world ourselves.

When you talk dispersal, the best place to disperse is at sea or overseas—like the submarine forces now.

But if you are going to be in port, you are going to be in a dangerous situation, no matter where you go, as somebody said earlier.

Senator THURMOND. Are you in favor of this dispersal program that is recommended by the Navy or not?

Admiral BELL. No; I am not.

Senator THURMOND. You are opposed to it?

Admiral BELL. I feel like I have been through it before.

Senator THURMOND. How's that?

Admiral BELL. I have been through it before. It becomes a very expensive thing to maintain year after year—very expensive.

Senator THURMOND. Senator Stennis.

Senator STENNIS. I have no questions.

Thank you.

Senator THURMOND. Senator Warner.

Senator WARNER. Admiral, you are particularly qualified to come up here and talk to this problem.

First, you were an operating commander of the amphibious forces when I was in the Department of the Navy, and, second, you were also Budget Officer.

Admiral BELL. True.

Senator WARNER. There is not much that has changed in how you allocate money since you have left.

Admiral BELL. It's just getting tougher, isn't it?

Senator WARNER. It's just getting tougher.

Now, you were also at the Department of the Navy at the time we closed down the Boston Naval Shipyard and limited substantially the naval destroyer operations and cruiser operations in and around Newport, RI. And you remember the reasons for doing that. They were budgetary as well as the shrinking of the fleet.

Is that not correct?

Admiral BELL. That's correct.

Senator WARNER. Now, in your judgment, have circumstances changed since that period of the early 1970's to justify this program now being submitted by the Secretary?

Admiral BELL. Well, at this particular time, the Navy is better funded. But how long we can go on at these high levels I don't know. In view of the expenses of this country now and in future years, we are all recognizing that there have to be cutbacks. This thing tends to be cyclical. And pretty soon, if we get carried away this way, we are all of a sudden going to say, hey, we can't keep this up, we have to go back to where we were, we have to go back to where our best bases are located, where we have our best training facilities.

Senator WARNER. So we then will start cutting back on bases again?

Admiral BELL. Right.

Senator WARNER. Have you also looked into the program as recommended by the Secretary and its impact on Norfolk in terms of the statement by the counsel of the committee that we would have an increase at Norfolk?

Admiral BELL. As I understand the plan, there would be minor increases—roughly, I think, 10 percent over a period of time.

Senator WARNER. So there would be some increase at Norfolk under the plan?

Admiral BELL. That's right. There would not be a decline.

Senator WARNER. I thank the Chair.

I thank the witnesses. We welcome you, sir, and I appreciate your taking on the added responsibility of analyzing the other statements and giving us the benefit of your views.

Senator THURMOND. The distinguished Senator from Alabama, Mr. Denton.

Senator DENTON. I just want to say hello again to Admiral Bell.

Admiral BELL. Hello, Senator.

Senator DENTON. I recall our years together and your excellent representation of the local areas' interests and so on. I would say that I have been interested in hearing you do that very well today.

Admiral BELL. Thank you, sir.

Senator THURMOND. The distinguished Senator from Texas, Mr. Gramm.

Senator GRAMM. Mr. Chairman, let me say that I appreciate Admiral Bell's testimony.

I think if we were here talking about shutting down Norfolk it would have been more persuasive than simply talking about bringing the fleet up to 600 ships and deciding where they are going to be put.

I guess a problem that you always have to ask, whether you are running General Motors or whether you are running the U.S. Navy, is when you are going to undergo expansion, at what point you reach such overcrowding, such use of your overhead, that you run into diseconomies of scale, where you begin to be, from the quality-of-life point of view, where the Navy so begins to dominate the community that the quality of life might decline; where you reach the point where you have used your facilities and in order to expand capacity, you have to go out and build more and you run into physical constraints.

I guess I am persuaded by the Navy and its position, which is basically that there is no doubt about the fact that if we were going to operate one port in the United States, we would probably operate the port at Norfolk; but that that port has become crowded; that the resources there are limited; that there is a huge number of military personnel there; and that, given that we are increasing the number of ships in the fleet, given a choice of simply putting more ships there or creating new home port areas, the Navy has decided to create new home ports.

Listening to that logic, I do not see anything inherently conflicting between that and what you are saying.

I do not think there is any doubt about the fact that you do have some facilities at Norfolk that would not exist at these smaller bases. Whether or not at the smaller bases the quality of life might be better, whether or not at the smaller bases you might have greater access to housing, your point about higher cost of living may or may not be true in New York City—I know they have lost a couple of million people in the last 10 years and they were living somewhere. But I know it is not true in Mobile or in Corpus Christi or in Galveston.

So I am not in any way unswayed by your arguments for Norfolk. But I guess I wonder to what extent they apply in terms of the ability of Norfolk to absorb an increase. We are looking now at moving up from—how many ships do we have now?

I think we are increasing about one-fourth the number of ships.

Do you believe that those ships could be accommodated at existing ports, including Norfolk, without creating overcrowding, overutilization problems, and quality-of-life problems?

Admiral BELL. I do, Senator.

Someone has said before that more than 600 ships is not new to the Navy. A former skipper of a number of ships in the Navy

myself, every weekend I go down to the naval base and I go for a walk because it is a nice, safe place to walk and there is no traffic and so it is great.

I walk along those piers. There are fewer ships at those piers than there were when I was commanding ships some years ago. So, do I see a capacity for more ships? Yes; I do.

Do I see ships anchored out in the harbor like I used to see all the time? No; I don't.

I think Norfolk is an excellent position to absorb more ships.

Senator GRAMM. Well, of course, we have gone from a 1,000-ship Navy down to less than 500 and now we are coming up to 600, and in that process we closed down about a quarter of our bases. So certainly when we had a larger number of ships, we had a larger number of facilities.

Now I understand your perspective. I guess my perspective is colored by the fact that I look back, for example, at Virginia Beach 20 years ago, when it was a fairly sleepy town with a nice beach. I go down there now because I have a godchild who is married to a naval aviator. The place has grown a great deal. It is large. It is crowded. And it is totally dominated by the Navy.

She, of course, is lonely because her husband is out in the Mediterranean, and I am not sure she is a good judge of quality of life and whether she would be happier in Corpus Christi or not. [General laughter.]

So I am not making that judgment.

But I have to believe, in looking at it as an outsider, that, while we have a great facility there and I think it will continue to grow, even if we build these home ports, it is my belief that we are beginning to reach saturation there in terms of use of resources. The Navy addressed these things earlier today.

So we appreciate getting the other side of the story.

Senator THURMOND. Admiral, we want to thank you for your presence here and your contribution to this hearing.

I want to express my appreciation to Senator Stennis, Senator Warner, Senator Denton, and Senator Gramm for your presence here and all you have contributed to this hearing.

Senator WARNER. Mr. Chairman, could you advise the members of the committee what your proposal is as to how the subcommittee resolves this issue? As I understand it, we are going to have a markup.

Do you intend to incorporate the decision on this plan by the subcommittee as a part of the markup?

Senator THURMOND. That's correct.

Senator WARNER. So that would be 2 weeks henceforth—or is it 10 days?

[Pause.]

Mr. MILNES. It is around the 21st. The markup schedules are not firm yet and we are tied to where the Budget Committee action is, in terms of their budget resolution on the floor. But it should be toward the end of April.

Senator WARNER. Now, Mr. Chairman, will you grant the members of the committee the right to include further material in the record, to leave the record of this proceeding open for a period of

time? I am particularly anxious to receive Admiral Bell's comments on the submissions by other senior officers.

Senator THURMOND. We have already approved that. Any member who wants to insert anything, we will allow that to be done.

Senator WARNER. Fine.

Thank you, Mr. Chairman.

Senator STENNIS. Mr. Chairman, are you saying that any member can offer anything he wants to?

Senator THURMOND. Of the subcommittee.

Senator STENNIS. With reference to any witness, not just one?

Senator THURMOND. That is correct.

Senator STENNIS. Thank you very much, Mr. Chairman.

Senator THURMOND. We do not want to clog up the testimony, but I am sure you will be reasonable in that.

Senator DENTON. Mr. Chairman, probably counsel has informed you, but in your absence, sir, I did ask and receive an affirmative answer from the Navy to the effect that they will submit in writing a response to the GAO testimony today, and perhaps that could be extended to Admiral Bell's testimony also.

Senator THURMOND. That will be all right.

Before we adjourn, I would like to include for the record statements by Senator Daniel J. Evans, Congressman Ted Weiss, and Mayor Koch.

[The statements referred to follow:]

PREPARED STATEMENT BY SENATOR DANIEL J. EVANS

Mr. Chairman, thank you for giving me the opportunity to testify before your subcommittee. I am pleased that you have scheduled a hearing on strategy homeporting. Clearly, its one of our most significant military construction initiatives. But perhaps more important, the strategic homeporting concept is an important pillar of U.S. maritime strategy.

Mr. Chairman, on Sunday morning, December 7, 1941 the United States suffered one of its most embarrassing and damaging military defeats. It has been, in fact, a day which has lived in infamy. A testament not only to complacency, the ships sinking into the waters of Pearl Harbor that morning were stark reminders of the folly of overconcentration of forces. We should never forget that day and we should always remember the lessons of that surprise attack.

During the last five years the American people have contributed revenues in an amount unprecedented in peacetime to rebuild our defense forces. That investment has paid off. We are more prepared, morale is high, sustainability has improved, and our recruits are better. By focusing on both equipment and personnel we have improved the quality of life for our troops in peacetime and improved their chances for survival in time of war.

High on the list of priorities for the Defense Department during this renaissance has been the 600 ship Navy. To be sure, we must maintain a strong navy to protect our interests around the globe. To protect ourselves and our allies in times of military crisis, the Navy provides crucial sealift and warfighting capability as well as providing protection for commercial shipping and supply. As vulnerable as many Western economies are to disruptions in supply of commodities like oil, it is imperative that we have the capability to protect vital supply routes. As President Reagan has noted, "Maritime superiority is for us a necessity."

In the next few years, the 600 ship Navy will become a reality. Yet, we in Congress have not fully thought through the implications of these new additions to the fleet. we have not focused on the fact that we need to put these new ships someplace. Recognizing this need, the Navy made an assessment of the various options available. Very early in that assessment it became clear that there were significant advantages to building new homeports to accommodate a portion of the new ships.

In a November, 1982 letter to the Armed Services Committee Chairman Tower, Admiral Watkins stated that: "The primary objectives of the homeporting plan are

to reduce geographic vulnerability and to promote growth in the industrial base concommitant with our building 600 ship Navy; an industrial base which can support fleet repair in the event of war".

Subsequently, the Navy has developed detailed cost estimates for the new homeports. Although it is evident that the program will be costly, I have no doubt that it will be cost-effective. We will have spent more than sixty billion dollars for new ships and for retrofitting our battleships by the time we are done with our current modernization effort. Yet, if strategic dispersal is responsible for saving just one major surface combatant, we will have recouped our homeporting investment.

I come before this subcommittee today because I believe that, despite its cost, the homeporting initiative—as presently conceived—is worthwhile. I can assure the members of this committee, and my other colleagues in the Senate, that if I did not feel that the Navy has set forth a compelling rationale for strategic dispersal I would not support this program.

I support this program principally because of the strategic value of fleet disperal. In the remainder of my remarks I will focus on why I believe it makes sense, from a strategic point-of-view, to homeport a carrier battle-group in the Pacific Northwest.

As the members of this committee know all too well, the Armed Forces of this country were allowed to deteriorate terribly during the late 1970's. Along with deteriorating morale and retention, we lost ground in all areas including the number of ships deployed. We closed naval facilities to save money. We, in short, had an hollow fighting force.

Of course, during the time of our neglect the Soviets were not neglecting their Armed Forces. Their military machine continued to churn out literally hundreds of new ships and submarines while we were barely able to replace those ships which, of necessity, had to be retired each year.

In the Pacific theatre particularly, the Soviets have made ominous advances. The nature of the Soviet threat in the Pacific theater is set forth in the most recent issue of Soviet military power. "The Pacific Ocean fleet is the largest of the four Soviet fleets. Its size can be attributed to its wartime mission, the increasing importance of the Pacific Basin in trade and commerce, and its geographic isolation from the Western fleets and the major shipbuilding centers in the USSR. . . . The Pacific Ocean fleet's wartime operations would be concentrated mainly in the northwest Pacific."

Thus, it is important that the United States have naval forces structured and configured in such a way that we can meet this threat squarely. Puget Sound is more than a day-and-a-half closer in steaming time to the northwestern Pacific than the San Francisco bases. Even the GAO report conceded that the Everett base will enhance our capabilities in the northern Pacific.

While there are sound military arguments which can be made in support of each of the new homeports, another benefit of strategic homeporting is unique to the new carrier homeport in Everett. I'm talking now about protection of some of our most valuable military assets, our strategic nuclear submarines.

One of the Nation's two principal strategic submarine bases is located in Puget Sound, at a place called Bangor, Washington. Protection of that base must be among our highest military priorities.

Strategic defense is the dominant issue in today's military debate. It is possible to conceive of a virtually limitless array of potential designs for a strategic defense system. Yet, with the exception of those systems designed for population defense only, all strategic defense systems share the capability to protect vital strategic assets.

Currently, the Bangor submarine base has some protection provided from the naval air station at Whidby Island and from McHord Air Force Base. However, protection of that base against conventional attack would be improved considerably by the homeporting of a carrier task force at Everett. While it is true that such protection would be limited to periods when the battle group is actually in port or conducting exercises nearby, the incremental protection afforded by the Everett base is invaluable.

Dispersal also promises to offer some protection from the growing threat of terrorism. Just as having ships massed at Pearl Harbor presented Japan with an opportunity to cripple our naval forces with a surprise attack, squeezing more ships into San Diego and Norfolk would leave us with over half our ships concentrated in only two ports and would leave us unnecessarily vulnerable.

Mr. Chairman, today the United States has an Asian orientation at least equal to our long-standing relationship with Europe. Admiral Crowe, Chairman of the Joint Chiefs of Staff stated in the most recent issue of Seapower that while "we don't have a NATO alliance in the western Pacific, we have as much coincidence of views

as we do with our NATO allies, if not more. And the point I am trying to make is that our strength has been an integral part of that. It not only has deterred major war and protected us, it has helped our friends and our allies. It has kept the Soviet Union out of the region. And it does that every day of the year."

Existing treaty obligations throughout the Pacific rim have been augmented by growing commercial interdependence. For example, in 1980, the value of U.S. trade with Pacific rim nations was roughly equal to trade with our Atlantic trading partners. Four years later, Pacific rim trade exceeded that with Western Europe by 26 billion dollars. And that gap is likely to continue to grow.

Similarly, oil dependencies have shifted dramatically during the past five years such that we must reconsider the priorities of naval deployments in the northern Pacific and Caribbean regions. The reorientation of U.S. oil sources for crude oil—on a hemispheric axis—is a long-term geopolitical reality that has gone largely unnoticed.

Western dependency on Middle Eastern oil is still debated at length. Protecting our access to the middle eastern spigot is still an important objective of our national military policy. To be sure, we must maintain our commitment to keeping Middle Eastern supply routes open, for our sake and for the sake of our allies. Yet, other oil supply routes are at least as important to our economic well-being.

In 1985, the United States imported eight times as much oil by sea from the Western Hemisphere as it received from the entire Middle East. Mexican oil accounts for 25 percent of our total oil imports, while Saudi Arabian oil imports have dropped to just 2.6 percent of the total. We no longer depend primarily on the Middle East and Persian Gulf to supply our vital energy needs. Instead, the bulk of oil comes from sources in the Western Hemisphere: Alaska, Canada, Mexico, Venezuela, and the Caribbean region.

Each of us knows how important these oil supply routes are. Economic stability in the Western world is, to a large extent, dependent on protecting these vital links. Each of the new ports proposed under the Navy's strategic homeporting initiative will enhance our capabilities to keep the oil flowing.

In my discussions with Secretary Lehman and other Navy officials I have stressed that while I believe a sound case can be made for the new homeports, I do not believe that we can afford to build gold-plated facilities. They have assured me that they are taking steps necessary to ensure that costs are controlled. Given the success the Navy has had with cost control in many weapons procurement programs and in other areas, I am confident that we can build the necessary facilities at a reasonable and strategically justifiable cost.

PREPARED STATEMENT OF CONGRESSMAN TED WEISS

Mr. Chairman, thank you for this opportunity to comment on the proposed Navy homeport at Stapleton, New York, an issue of great concern to both myself and my constituents.

I was extremely impressed by this Subcommittee's action late last year in suspending the funding for the homeports pending full Congressional review. I believe this funding suspension injected common sense and responsibility into the homeport debate. By taking this approach, this Subcommittee and its House counterpart acknowledged that the Navy's rationales for the homeports to date have been too feeble to justify a multi-billion dollar military program, particularly one with little or no demonstrable strategic value. Now, as Congress begins to debate the future of the homeporting proposal, evidence mounts that the whole policy is seriously flawed.

The General Accounting Office (GAO) recently issued its draft study on the military necessity and cost-effectiveness of the homeport proposal. The study, which the GAO will testify on later this morning, concluded that the Navy's basis for the homeporting plan, "both with regard to strategic considerations and cost, is not adequately demonstrated," and that "Such a demonstration should be made before proceeding further with the strategic homeporting plan."

Even the Pentagon's own Office of Economic Adjustment, in a draft study on the fiscal impact of the Staten Island homeport on the New York region, concluded that the economic benefits of the constructed homeport to New York are negligible, amounting to a net gain of $95,000 a year for the City.

Finally, as Gramm-Rudman casts its long shadow on the defense budget, Congress will be forced to scrutinize military spending to weed out programs considered wasteful or extravagant. In the light of the GAO's findings that the New York homeport may well cost over half a billion dollars, yet lacks any demonstrable stra-

tegic rationale, the Navy's homeporting scheme deserves a particularly close examination.

Before I discuss the considerable opposition in New York to the homeport proposal, I would like to assure Members of the Subcommittee that the concerns of New Yorkers about the homeport in no way suggest an unwillingness to bear a reasonable share of our nation's defense burden. Our state already contains 26 nuclear facilities, including the largest U.S. Army nuclear weapons storage depot in the world at Seneca. Approximately 1,900 nuclear weapons are already deployed in New York state, more than in any other state in the country, except South Carolina. Clearly, New York is more than willing to do its part in the nation's defense.

Yet there has been considerable opposition to the Stapleton homeport proposal from the outset. Besides the national concerns outlined in the GAO report, the community's objections fall in four broad catagories: concerns about safety; concerns about housing; concern that there will be few, if any, economic benefits; and finally, general lack of popular support.

Many New Yorkers are concerned about the safety of placing nuclear weapons in New York Harbor, much as they would worry if the missiles were placed in Central Park. Unfortunately, these concerns seem to be well-grounded. In January, the Navy disclosed that it has had 381 nuclear weapons incidents and accidents in the Pacific Basin alone between 1965 and 1977, including two cases where nuclear weapons were lost at sea. In December, the Navy's test flight of a Tomahawk cruise missile over Florida went haywire, crashing into a populated area. Prior to this incident, the Navy had assured local residents that the odds of a missile malfunction were "less than a quadrillion to one." A track record like this should make us profoundly uncomforable when the Navy assures us that placing nuclear weapons in our accident-prone harbor, in the country's most populous metropolian area, poses no risk to New Yorkers.

Since the homeporting concept would place nuclear weapons in densely-populated metropolitan areas for the first time, I asked the General Accounting Office in January 1984 to prepare a report on the health and safety risk associated with basing nuclear weapons in New York harbor. Unfortunately, the GAO report, which was released last August, failed to address some of the most important questions I had asked. Rather than provide a site-specific assessment of the risk involved with placing nuclear weapons in metropolitan New York, including protection from terrorists and the accidental release of plutonium, the GAO merely gave a general review of the nuclear safety issue. Rather than conduct any independent research, the GAO relied solely on information supplied by the Department of Defense—a central advocate of the homeport policy—and the Department of Energy. In short, the report failed to answer any of the critical health and safety issues raised by the strategic dispersal plan. I urge this Subcommittee to pursue information about the health and safety risks of the Navy plan as part of its general inquiry.

The safety issue highlights another vital question: why, in fact, did the Navy choose the Staten Island site for its northeast homeport in the first place? I have joined the distinguished Chairman of the House Armed Services Subcommittee on Military Installations in asking the Navy to spell out its criteria for selecting homeport sites, and to rank them according to priority. Yet the Navy has not complied—a position that can only undermine confidence in the Navy's homeporting plans.

The mystery of the site selection is underscored by the housing issue. In testimony and correspondence on its strategic homeporting policy, Navy officials have repeatedly stressed the importance of housing availability in the site selection process. In its Report of the Northeast Homeporting Study Team (July 1983), the Navy asserted that "family housing is the most important non-operational item among homeporting considerations" (p. IA-4). Other homeport locations, in San Francisco and the Gulf Coast area, were selected contingent upon the localities providing all necessary "access to housing."

In due course, the Navy examined the scarcity of housing in New York. In November 1984, in the Family Housing Market Analysis for the New York homeport, the Navy estimated that "92.4 per cent (of anticipated personnel for the base) are likely to face severe difficulty finding affordable and suitable housing in the market area" (i.e. New York City). Yet in spite of their repeated emphasis on housing, the Navy decided to come to New York—ignoring their own housing analysis and site selection criteria. Moreover, according to the draft GAO report, the Navy has omitted housing costs from its homeport funding estimates, ignoring $120 million in additional costs. The egregious flip-flop on the housing issue and the omission of the housing costs has raised serious questions about the integrity of the whole site selection process, and gives added weight to Chairman Goldwater's characterization of the homeport policy as "pure unadulterated politics."

Concerns that the New York homeport would provide little, if any, economic benefit to the region were confirmed in February by a preliminary study released by the Defense Department's Office of Economic Adjustment. According to the data released, New York City will gain a mere $95,000 each year from the homeport once it is fully constructed. Even these meager benefits may be inflated. For example, the OEA study presumes the Navy will build an "enhanced" homeport at Stapleton, costing $353 million. Yet the Navy has been telling Congress it only wishes to build a much smaller, "Initial Operating Capability" (IOC) homeport, at an expense of approximately $188 million. The Navy should decide which homeport they plan to build, and then provide the same figures to all parties. In the meantime, the homeport proposal can hardly be perceived as a boon for either New York City or the nation's taxpayers.

There is a disturbing contradiction in the Navy's response to our community's concerns. When announcing his decision to locate the Surface Action Group in New York on March 14, 1985, Secretary John Lehman stated, "we will not go anywhere it is not clear beyond a shadow of a doubt that the community wants us there. We think this is the case in New York, but we want to make sure that is in fact the community view."

As an elected public official, I have seen not only a "shadow of a doubt," but an outpouring of local opposition to the homeport. Last Summer, citizens concerned about the New York homeport collected almost 112,000 signatures on a petition to place a referendum about the homeport on the citywide ballot. It was the first time in two decades that a referendum won a place on the ballot as a result of a grassroots campaign. Days before the vote, however, homeport proponents convinced the courts to remove the referendum from the ballot on a technicality, an effort that the New York Times deplored as "depriving voters of the chance to adopt or reject."

Despite the absence of a vote, opposition to the Navy plan has grown plain to all observers. According to a poll conducted by the Nuclear Navyport Referendum Campaign in the summer of 1985, 52.9% of all respondents said they would not support the building of the homeport facility if the ships carried nuclear weapons. Even the New York City Board of Estimate, which in February approved a Memorandum of Understanding with the Navy for use of the Stapleton site and a contract for appraisal of the land, is seriously divided on the issue, as demonstrated by the 6-5 vote.

Taken as a whole, the plan for a New York City homeport is in an extraordinary state of contradiction and confusion. The Navy pays great lip service to public concern, yet ignores the community when those concerns are raised. The Navy claims it will only go where there is adequate, affordable housing. Yet New York City may well have less affordable housing than any city in the country. The Navy keeps assuring the New Yorkers of the economic boon the homeport will bring. But the Pentagon's own study, inflated as it is, shows the homeport to be, at best, revenue-neutral for New York City. And the people of New York have repeatedly raised questions about the safety of placing nuclear weapons in a busy harbor in their midst, only to have them callously dismissed by the Navy. Finally, the Navy assures Congress that homeports are cost-efficient and strategically necessary, while the GAO report portrays the program as a poorly-conceived, wasteful extravagance.

So we must ask ourselves again, why build a homeport in New York City? Why spend scarce federal dollars on such a costly plan that brings few, if any benefits to either the community or the nation? Why impose this onerous plan, which will aggravate the City's housing crisis, on a community that seems reluctant at best to accept it? And lastly, why place nuclear weapons in the nation's most populous region and possibly endanger the health and safety of millions for a plan for which the General Accounting Office finds no strategic justification?

Mr. Chairman, at least when they paid the $600, the Navy actually got their toilet seat, and when the Air Force paid $7,600, they received their coffee maker. At a cost estimated by the GAO of over half a billion dollars, I'm not sure either New Yorkers or the nation's taxpayers will get anything at all from the homeport.

I am pleased that this subcommittee is examining the homeporting issue with such diligence and professionalism, and I am convinced that once the complete record on homeporting has been publicly scrutinized, the proposal will fail on its merits. I therefore urge members of the Subcommittee to continue the moratorium on the funding for the New York homeport, unless and until the Navy is able to justify the plan on budgetary and strategic grounds and to adequately address the many serious concerns raised by the community.

PREPARED STATEMENT BY MAYOR ED KOCH ON STATEN ISLAND HOMEPORT

I appreciate this opportunity to comment on the Navy homeport planned for Staten Island. I believe that this project is good for the nation and good for New York, and I urge you to support it so that the Navy can proceed with construction on a timely basis.

I know that the main purpose of these hearings is to examine the costs and benefits of strategic homeporting, and I will leave a detailed discussion of that issue to the experts. But I would like to offer a few pertinent comments.

In general, the concept of strategic dispersal make a great deal of sense. To continue basing the majority of the fleet in just three ports invites disaster. A newspaper article several months ago cited a letter from retired Admiral Elmo Zumwalt, the former Chief of Naval Operations, to Senator Thurmond, in which he endorsed the Navy's plan to disperse the fleet to new homeports. Admiral Zumwalt was quoted as saying that spreading out the fleet will reduce ship vulnerability and enhance battlegroup readiness. He cited the increasing number of Soviet submarines within striking distance of our ports. To quote the Admiral: "In my judgment, the hundreds of millions of dollars that must be appropriated in order for the strategic home-porting concept to be successful are fully warranted by the military benefits to be derived."

I share the Admiral's opinion. There is a real need to disperse our fleet and New York is clearly the best location in the Northeast for a homeport. The Navy selected New York because we offer significant benefits to the country. We provide the best strategic location and support services in the Northeast for rapid deployment of the fleet. New York also has a significant number of Navy reservists who will be able to train and work at the homeport facility. I also believe the homeport will greatly improve recruiting efforts in the metropolitan region.

But perhaps most importantly, our ship repair facilities will welcome the opportunity to service Navy vessels, as they did for generations before the closing of the Brooklyn Navy Yard. The Navy needs a strong national network of maritime industrial support. This network must be kept healthy, even in peacetime, to ensure that the industry will be able to respond to any contingency during mobilization. Strategic dispersal will ensure that this vital industry remains healthy by distributing Navy maintenance and repair work to more locations throughout the country.

New York's ship repair industry has suffered through hard times in recent years. In 1950, there were 25 shipyards in the port. Today, there are six. One of the strongest supporters of the Staten Island homeport is the New York and New Jersey Dry Dock Association, which sees the return of the Navy as their best means of survival. Dispersing the fleet to New York and other ports will restore the ship repair industry throughout the country to good health, and that is an important resource in times of national crisis.

While I believe that strategic dispersal is in the best interest of national defense, I also believe that the homeport will be good for New York. There are several reasons why I think this to be true. First, it will generate a substantial number of jobs and dollars for New York and the region. According to the Navy's Environmental Impact Statement (EIS), construction of the base will create approximately 8,000 direct and indirect jobs. Once the base is in operation, it will employ 4,500 military personnel and 900 civilians. The EIS also estimates that service and supply firms will benefit by the creation of some 300 jobs in our local ship-repair industry and approximately 1,800 indirect jobs throughout the region.

The homeport will be Staten Island's largest employer and one of the larger employers in New York City. As a result, it will pump tens of millions of dollars into our economy each year. These benefits, added to the Navy's reconstruction of a long-neglected waterfront area, represent a major economic investment in New York. This presents a unique opportunity to bring defense dollars back to our region, something that we have long sought to achieve.

Like almost every major project, the homeport on Staten Island has its opponents. A small but vocal minority hopes to block the base because the ships are nuclear-capable. They hope that by keeping the Navy out of New York, they can stop the arms race. They are wrong.

I believe that the overwhelming majority of New Yorkers supports the homeport with great enthusiasm, and will be proud to play a part in the national defense. A recent poll showed that 85% of Staten Islanders support the homeport. Thousands of New Yorkers visited the Iowa when she called in our port in October of 1984. The City's Board of Estimate recently voted in favor of going forward with the Staten Island Homeport. A broad coalition of government, labor, business and civic groups have worked together to bring the Navy to New York.

We in New York are anxious to do our fair share in providing for the defense of our nation. We want to resume our historic role as a Navy port, by creating a new facility that not only is good for New York, but is also good for the country. I hope that you will agree, and that you will help us to make it a reality.

Thank you.

Senator THURMOND. The subcommittee now stands adjourned.

[Whereupon, at 3:06 p.m., the subcommittee adjourned, to reconvene upon the call of the Chair.]

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